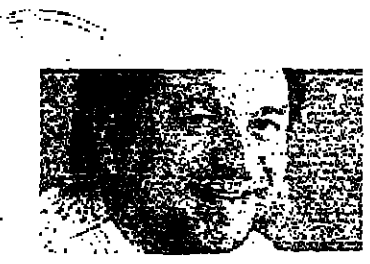
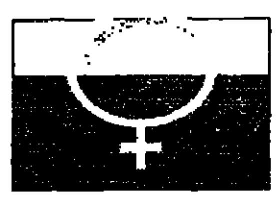
Cadbury and UK companies
Good ideas galore, but what about the bottom line?
Pages 8 & 14

Brussels, global HQ
'Trial by fire' for Monsanto Resins
Page 11



Dash for cash
Why Alan Sugar wants to take Amstrad private
Page 17

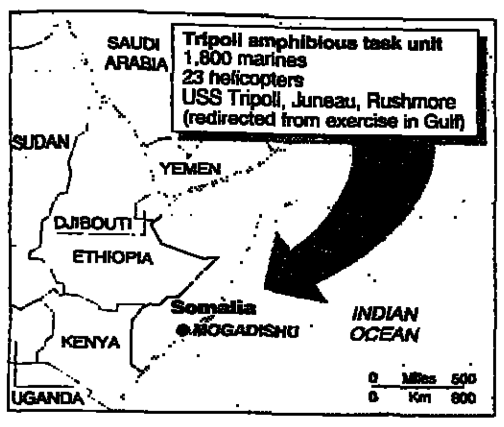


Playing for high stakes
The foreign scramble for Russia's copper prize
Page 26

FINANCIAL TIMES

Europe's Business Newspaper — WEDNESDAY DECEMBER 2 1992 — D8523A

US sends 1,800 marines towards coast of Somalia



An advance force of 1,800 US marines is sailing towards Somalia and could be in position off Mogadishu today, ready to land if the UN authorises military intervention to bring relief to the country's starving population. US military officials said marines could be used to secure airport facilities and to prepare the way for up to 20,000 further US troops. Page 5

Ciga, international luxury hotel chain controlled by the Aga Khan, is expected to slash debts later this week by selling a substantial stake in its hotel portfolio to an Italian private investor. Page 17

Germany to ratify Maastricht: Germany's Bundestag is expected today to ratify the Maastricht treaty on European union, with only former East German Communists and a few individuals from other parties likely to vote against. Page 16

DAF, Dutch commercial vehicle maker in its third year of heavy losses, faces serious problems over the future financing of its joint venture with Renault of France for the production of a new range of light commercial vehicles. Page 17

Yeltsin confronts Congress: President Boris Yeltsin demanded that the Russian Congress of People's Deputies cease to interfere with the course of reform. Page 2

Pirelli, Italian tyres and cables group, bowed to presure from minority shareholders in its Amsterdam-listed Pirelli Tyre Holding subsidiary by amending the terms of its proposed rights issue announced in October. Page 17

Uni Storebrand future uncertain: The future of Uni Storebrand, beleaguered Norwegian insurer, looked uncertain after a rejection by Uni's biggest creditor of a plan to recapitalise the crippled group. Page 18

Journalists penalised by Israel: Israel suspended official accreditation of two foreign correspondents for publishing stories without the approval of the military censor, the first such action in four years. Page 6; Force of history, Page 15

Trafalgar House, UK construction, engineering and shipping group, reported an annual pre-tax loss of £30.3m ($46m) after exceptional property writedowns of £138m. Page 17; Lex, Page 16

Panic to stand for president: Yugoslav prime minister Milan Panic said he would stand in the Serbian presidential elections on December 20, launching his campaign with a scathing attack on rival Slobodan Milosevic. Page 3

Youths confess to arson attack: Two young Germans confessed to last week's Mölln arson attack in which a Turkish woman and two young children were killed.

Japan-EC clash brews: Japan and the EC appear to be heading for a clash over automobile trade after failing to agree on the expected outlook for new car demand in Europe next year. Page 4

UK calculates cost of Gulf war: The net cost to Britain of the Gulf war early last year is expected to exceed £1.4bn in spite of more than £2bn of assistance from other countries. Page 8

Russian mine blast: Twenty-five miners were believed to have been killed in an underground explosion at a Siberian coalmine after a build-up of methane gas.

Mexico tops polluted city list: Mexico City has the most polluted air of any large city, according to a World Health Organisation report which names London, New York and Tokyo as being the least-polluted of the world's "megacities". Page 6

STOCK MARKET INDICES

FT-SE 100:	2,792.0	(+13.2)
Yield	4.33	
FT-SE Eurotrack 100	1,056.79	(−0.96)
FT-A All-Share	1,318.76	(+0.4%)
Nikkei	17,313.84	(−370.61)
New York lunchtime		
Dow Jones Ind Ave	3,394.08	(−1.08)
S&P Composite	431.84	(−0.31)

US LUNCHTIME RATES

Federal Funds:	$3\frac{1}{8}$%
3-mo Treas Bills: Yld	3.353%
Long Bond	$100\frac{1}{4}$
Yield	7.556%

LONDON MONEY

3-mo Interbank	$7\frac{3}{8}$%	($7\frac{1}{2}$%)
Liffe long gilt future:	Dec $99\frac{1}{32}$	(Dec $98\frac{11}{32}$)

NORTH SEA OIL (Argus)

Brent 15-day (Jan)	$18.6	(19.1)

Gold

New York Comex (Dec)	$335.1	(334.3)
London	$334.85	(334.45)

STERLING

New York lunchtime:		
$	1.5465	
London:		
$	1.5365	(1.5135)
DM	2.4275	(2.41)
FFr	8.2825	(8.19)
SFr	2.1725	(2.175)
Y	191.25	(188.25)
£ Index	78.9	(78.5)

DOLLAR

New York lunchtime:		
DM	1.5755	
FFr	5.374	
SFr	1.40725	
Y	124.425	
London:		
DM	1.58	(1.5935)
FFr	5.39	(5.4125)
SFr	1.4145	(1.437)
Y	124.4	(124.45)
$ Index	65.7	(65.8)

Tokyo close Y 124.72

Austria	Sch30	Greece	Dr250	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr190	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.50	Syria	SyP50.00
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht50
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250
France	FFr8.50	Kuwait	Fils 600	Poland	Zl 22,000	Turkey	L6000
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es190	UAE	Dh10.00

Bank of France forced to intervene to support franc in tense trading

Schlesinger calls ERM an incentive to speculators

By Christopher Parkes in Frankfurt and Peter Marsh in London

FRESH uncertainty was cast over the future of the European exchange rate mechanism last night after Mr Helmut Schlesinger, president of the Bundesbank, said one of the system's key mechanisms was "a powerful incentive for speculation".

In a development likely to put further strains on some of the ERM's weaker currencies Mr Schlesinger repeated that the conditions for the Bundesbank to cut interest rates in the near future had still not been met.

Mr Schlesinger's comments came at the end of a tense day on currency markets in which the D-Mark gained ground on the dollar and the Bank of France was forced to intervene heavily to support the French franc against the German currency.

The D-Mark gained 1 pfennig against the dollar on Mr Schlesinger's comments, as investors switched funds into the German currency on the grounds that the Bundesbank was unlikely to cut interest rates for some time.

Mr Schlesinger, who has always put combating inflation in Germany ahead of support for the ERM, denounced the way in which central banks are obliged to intervene to support weak currencies in the European Monetary System as ineffective and a powerful instrument for enriching speculators.

Citing the case of a speculator who made $950m during the recent sterling crisis, he said: "Unlimited obligatory interventions...make no contribution to the stability of the system; on the contrary they are a powerful incentive for speculation."

In an unusually outspoken address to university economists in Cologne, Mr Schlesinger said there was no need for a fundamental reform of the EMS, but "details" should be reconsidered with the aim of hardening the system.

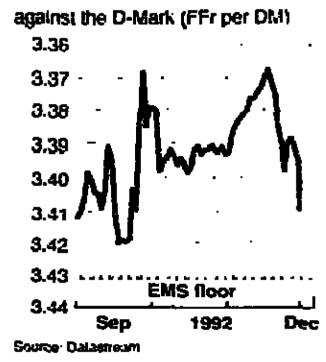
Central banks had suffered heavy losses. "This is not only expensive for the taxpayer, but in the final analysis purposeless".

He also appealed for central banks still under government control to be given their independence in the interests of exchange rate stability.

In some countries exchange rate policy was bound up too much with political prestige, he said. While he could appreciate the political problems, independence for central banks could help "stabilise the expectations of financial markets".

He also said he found it hard to detect signs that the Bonn government was commited to cutting public spending, and rejected charges that the independent central bank ignored other countries' needs in its policymaking.

In response to repeated appeals from mainly non-German political leaders for easier interest rates, Mr Schlesinger claimed that putting moral pressure on a country which had a strong currency, but which lacked the conditions necessary to allow it to soften its policies, reinforced doubts about monetary union.



The dollar was quoted during early afternoon trading in New York at DM1.5705, after closing in London at DM 1.580, from a close on Monday of DM1.5935.

The French franc was quoted at FFr3.4105 against the D-Mark, within 2 centimes of its ERM floor, after European trading. Earlier, the franc had come under concentrated pressure.

Currencies, Page 34

Brittan abandons EC drug price plan

By Paul Abrahams and Andrew Hill in London

MEASURES to harmonise European Community drug prices have been shelved by the European Commission.

Although such measures were desirable, they were not possible at present, Sir Leon Brittan, Commission vice-president responsible for competition, said yesterday. He suggested that subsidiarity, the principle of allowing decision making at the lowest possible level, played a role in the Commission's decision.

The immediate effect of the decision is likely to be an increase in the level of parallel imports – shipments of identical drugs from lower price countries, outside manufacturers' official distribution channels. This would work to the advantage, for example, of drugs wholesalers.

Pharmaceuticals companies had feared harmonisation would force prices down to the lowest levels in any EC country, hitting profits in what is intended soon to be the world's largest unified market. Governments, however, had been concerned that prices might be harmonised upwards, stretching already limited healthcare budgets.

Sir Leon said drug prices in countries such as Portugal, France, Spain and Greece were often half those for products in Denmark, Germany and the Netherlands.

"With such disparate forms of pricing regulation, markets remain resolutely national, and consumers are not able to reap the benefits of a free market. Thus the present situation runs counter to the most basic objectives of the Treaty of Rome," he said.

Sir Leon said the Commission would now consider the best way to encourage price harmonisation through an evolutionary process. There was a strong case for abandoning all direct price control. Such controls were an ineffective means of controlling healthcare expenditure because they did not limit the volume of drugs prescribed by doctors.

The Commission, he said, was likely to recommend measures to prevent national price-setting bodies favouring domestically

Continued on Page 16

Brussels 'shocked' at US duties on EC steel

By David Gardner in Brussels

THE European Commission said yesterday it was "shocked" at Monday's imposition by the US of provisional countervailing duties on flat-rolled steel from six EC countries, accusing Washington of flouting international trade rules to protect its steel market.

But Brussels strenuously avoided suggesting any link between this new round in the transatlantic steel contest and the Uruguay Round world trade reform process, rekindled by last month's EC-US settlement of a long-running farm trade dispute.

"The Uruguay Round remains an absolute priority for us," a Commission official said.

The punitive US duties follow anti-dumping and subsidy complaints against EC producers by the six big American steelmakers, and the failure to reach a multilateral steel agreement after the voluntary export restraint accord the EC had with the US expired in March after 10 years.

But whereas in April Brussels threatened to respond vigorously to any US action against EC steel exports, yesterday officials would not be drawn on the possibility of reprisals. "Naturally we will be looking at the appropriate response," was as far as a Commission official would go.

The duties cover 2m tonnes of EC flat products, worth nearly $1bn last year, and range from just over 1 per cent to nearly 60 per cent. They affect Belgium (4.9 per cent countrywide but 30.2 per cent on Cockerill Sambre, the main producer); France (26.5 per cent); Germany (from 0.6 per cent on Thyssen to 17.3 per cent across the country on plate steel); Italy (58.8 per cent); Spain (56.3 per cent); and the UK (19.1 per cent for cut-to-length carbon steel plate).

The Commission says the US is responding politically to the domestic difficulties of its steel producers by, in effect, closing its market to Community steel exporters. But it was not confident enough of its position yesterday to allow the arguments of its steel experts to be attributed to the Commission itself or the EC, prompting a press boycott of its briefing on the controversy.

Before yesterday, these experts had said US anti-dumping action had been the prelude to "bombing" rival steel producers into accepting voluntary quotas on exports to the US. Some European steelmakers, they admit, could "technically" be dumping in the US market because of weakness in the dollar, but total EC steel exports had fallen below the voluntary quota last year.

EC-Japan car talks, Page 4

Tens of thousands of European farmers gather in Strasbourg to protest against a US-EC agreement to cut agricultural subsidies Page 16

Hong Kong governor defies China by pushing for reforms

By Simon Holberton in Hong Kong

MR CHRIS PATTEN, Hong Kong's governor, yesterday announced a timetable for his controversial plans to introduce more democracy in Hong Kong in defiance of stiff opposition from China.

As Mr Patten spoke, share prices registered a steep decline on the Hong Kong stock exchange in active trading that, brokers said, bordered, at times, on panic selling. Investors dumped Hong Kong equities as concern mounted about the growing gulf between Britain and China on the constitutional development of the colony.

Mr Patten plans to bring his controversial plans for the democratic development of Hong Kong before the colony's local legislature in February, he told the Legislative Council yesterday.

By setting a date, he underlined the government's determination to press ahead with reforms in defiance of opposition from China, which on Monday issued a challenge to Britain's governance of Hong Kong.

Beijing is threatening not to honour any Hong Kong government agreement that it does not approve of – a move seen as an attempt to undermine confidence in the colony's economy.

The Hang Seng index, the barometer of the local market, ended the day 308.92 points, or more than 5 per cent, lower at 5,501.71. It had fallen by up to 7 per cent when the governor was speaking but recovered as bargain hunters stepped in, traders said. On Monday the index closed nearly 3 per cent lower.

Yesterday's drop in share prices was the biggest one-day decline since the market fell by more than 8 per cent in August last year, on news of a coup to topple former Soviet Union president Mikhail Gorbachev.

The governor's comments, before a packed legislature, did nothing to quell the fear among investors and business people that Mr Patten had engaged China in a fruitless battle of wills over his plans to widen democratic accountability in the colony.

His, and the British government's, refusal to withdraw the proposals – which would broaden the franchise for 40 of the 60 seats to be contested in elections due in 1995 – have

Continued on Page 16
Hong Kong business, Page 6
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CONTENTS

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Yeltsin demands new powers to ease reforms

By John Lloyd in Moscow

PRESIDENT Boris Yeltsin yesterday confronted the Russian Congress of People's Deputies, the supreme legislative authority, with a catalogue of its failures and a demand that it ceases to interfere with the course of reform.

In a barely-applauded speech, laden with foreboding of violence and intimations of the fragility of the new institutions, he offered a compromise immediately derided by his opponents as insufficient and characterised even by his supporters as risky.

The compromise, aimed at strengthening the presidency and dividing more exactly the overlapping powers of the various levels of Russian power, consisted of an offer to renounce his extraordinary powers to introduce decrees and to allow the Supreme Soviet, or permanent legislature, to examine his economic legislation within 10 days.

In return, he asked the Congress to deal only with the constitutional matters, including deciding on the new constitution itself; for the supreme Soviet to give up most rights in the sphere of economic reform to the government and the president; for a prolongation of his unqualified right to choose the government, except for the premier whom he would allow to be approved by the Congress; and a postponement of adoption of a new law on government until a new constitution is agreed.

This demand for fuller powers for a "stabilisation period" of between 12 and 18 months was necessary, he said, given a society where extremists were forming fronts and even armed groups and deputies thought not of the country, or of fulfilling decisions of the Congress but of how to push through their own will. Furthermore, neither political parties nor a settled division of responsibilities had yet taken root.

In Mr Yeltsin's account, the deputies themselves were part of the problem of a society on the brink: quoting Pushkin he said :"God grant you never see a Russian uprising – without sense or mercy."

However, a large part of the hour-long speech was concerned with the less apocalyptic tasks of laying out the basis for an economic programme that he hopes will appeal to the Civic Union group which claims the support of 30-40 per cent of the 1,040-plus deputies and which he needs to avoid a series of defeats at the hands of the shifting alliance of factions and uncommitted deputies which make up the Congress.

In this plan, foreshadowed last week by Mr Yegor Gaidar, the acting prime minister, industry would be subsidised, "sensible protectionism" would shield Russian industry, contracts would be awarded to Russian consortia and more assistance to Russian agriculture.

Above all, the state would be greatly strengthened to play a guiding, interventionist role in the reform process - a process which the president described as "treading the golden path between the free market and the state's role as regulator".

In one of the few mildly popular parts of his speech, he proposed that the state do a great deal for its citizens at once – by indexing their savings, now being reduced by inflation. This was much more generous than the offer made on Monday by Mr Andrei Nechayev, the economics minister, to pay 60 per cent interest on them while the central bank lending rate stood at 80 per cent.

Mr Ruslan Khasbulatov, the subtle speaker of the parliament, appeared in a later speech to call for the resignation of the government when he said that the new economic course demanded new ministers - but then qualified it by saying that "we (the deputies) are doomed to co-operate with them".

Mr Nikolai Travkin, however, leader of the Democratic Party and one of the leaders of the Civic Union, took Mr Khasbulatov's call as one for resignation, and supported it.

Single market's double standards

By Andrew Hill in London

MR Kenneth Clarke, Britain's home secretary, sounds more than usually smug these days.

"There's no member state actually proposing to remove all its frontier controls [on people] during 1993," he said after Monday's meeting of EC interior minister – their last gathering before the single market deadline of January 1.

For Britain, which has always opposed lifting controls on people, the unwillingness or inability of more enthusiastic countries to abolish passport checks is a relief.

It reduces the risk of embarrassment on December 31, when, as president of the EC, the UK will be duty-bound to declare the single market open.

Mr Martin Bangemann, EC internal market commissioner, has long since shelved threats of legal action against countries which retain controls. There is still nothing to stop federalist MEPs or free-travel zealots taking the UK to the European Court for retaining passport checks and breaking EC rules on free movement of people – but Britain claims it will not be alone in the dock.

■ The nine members of the Schengen free-travel zone – all the EC countries except the UK, Denmark and Ireland – are unlikely to abolish their controls before the middle of next year. They are worried because agreements to strengthen external EC frontiers are not yet in place, and their own information system – linking immigration authorities – is not ready.

■ EC airports, which have to rebuild terminals to separate international and EC flight arrivals, have been given until December 1993 to get ready for the new regime.

■ Denmark and Ireland, for different reasons, will retain checks at borders at least until the continental EC countries have completed their free-travel zone, if not longer.

So as far as passport controls are concerned, what will change on January 1? The short answer is nothing. In practice, travellers across most land borders on continental Europe will not have their passports checked; air travellers will. British controls at air and sea borders will be unaltered. A two- or three-speed Europe, in which passport controls are lifted only gradually, seems inevitable.

But Mr Clarke's intransigence has still angered Britain's EC partners. At Monday's meeting, he refused to endorse a compromise proposal which would have pledged EC countries to remove "systematic" border checks during 1993. Afterwards he said there would be no point in talking about border controls again until other member states had made further progress.

They point out that Mr Clarke's claim that nobody is ready to lift controls obscures one basic difference between Schengen and Britain. Schengen countries are still determined to abolish passport checks. But the most Britain will do is move to a minimal system of controls on EC travellers at sea-ports,

which would still be unacceptable to the Schengen countries.

For all Mr Clarke's smugness, it is clear that the question of border controls has only been delayed, not solved.

● Plans for EC-wide co-ordination of the fight against drug trafficking were blocked yesterday by a dispute between interior ministers about where a European drugs unit should be located. The ministers, meeting in London, decided to pass the issue on to the Edinburgh summit.

See Observer

'Let them eat cake' becomes rallying cry of Russia's privatisation

'Bolshevik' leads capitalist revolution

By John Lloyd in Moscow

A PASTRY-MAKING company called "Bolshevik" will be among the first to point the way to the privatised economy, Russian officials said yesterday.

It will be one of six large companies to be put on the market this month to provide an example to citizens of how to use their Rbs10,000 privatisation vouchers, expected to be distributed to all by the end of the year.

Some 5,000 big enterprises, worth an estimated Rbs1,500bn are to be sold off from January 1, according to Mr Anatoly Chubais, the deputy prime minister in charge of privatisation. Mr Dmitri Vasiliev, deputy head of the privatisation committee, said yesterday that "it's hard to tell whether the (enterprises) are future giants or if they're bankrupt, because of the unstable situation in the market".

However, the first large enterprises will come to the market within two weeks in Moscow, St Petersburg, Vladivostok in the Far East and Perm in the Urals. They have been carefully prepared by the government and foreign advisers. The most famous, for Russians, is Bolshevik, a 2,200-employee cake-maker which makes some of the sweetest products on the market.

Mr Oleg Shumanov, Bolshevik's managing director, said the workers and management had chosen to privatise their company by taking 51 per cent of the shares – with the remainder being offered for auction to citizens for their vouchers. The company has been working with Credit Suisse First Boston on a system which will allow voucher holders to come to a Moscow sales centre from December 9 to apply for shares – the price of which will be set by demand.

Mr Boris Jordan, a CSFB executive in Moscow, said Bolshevik had been chosen for its brand recognition, its size, the fact that it was in Moscow and its enthusiasm to be privatised.

Together with the other plants, the experience of the sale of Bolshevik will be analysed for use in the mass privatisations by the government in consultation with its financial advisers.

Twenty-five miners were believed to have been killed in an underground explosion and fire yesterday at a Siberian coal mine, the Russian Information Agency said, Reuter reports from Moscow.

Officials said two bodies had been recovered after the blast at the Shevyakov mine in the west Siberian town of Mezhdurechensk. Twenty-three other people trapped in the ensuing fire had been given up for dead, the agency said.

Ukraine on radical road

By Edward Balls and Chrystia Freeland in Kiev

THE Ukrainian government, which last month announced its conversion to market reform, has kicked off its programme this week with a flurry of decrees on price liberalisation, privatisation and trade.

Mr Oleksandr Savchenko, the Ukrainian economist who is drafting the reform programme, said decrees expected today will liberalise prices for most of its goods, including energy, and require local officials to privatise 25 per cent of small businesses within the next four months.

Parliament last month granted Mr Leonid Kuchma, the new prime minister, wide-ranging authority to govern the economy by edict. "For the first time I believe that reforms can take place in Ukraine," Mr Savchenko said. "It is clear that Mr Kuchma wants to make a start although, frankly, I do not know if he will have the strength to succeed."

Price liberalisation will not please Ukrainian consumers whose purchasing power has fallen sharply over the past year. Mr Savchenko anticipates that prices in state stores will leap by 300 per cent for bread, 200 per cent for milk and 500 per cent for butter.

However, a sign of the new reforming mood came last week in the western Ukrainian city of Lvov when the city council bowed to government pressure and endorsed an International Finance Corporation pilot programme for small-scale privatisation. The central government says its new and ambitious 25 per cent privatisation target will force reluctant regional governments to turn state property into private hands, and specifies that all small-scale privatisation will be done by auction. Officials who block privatisation will be sacked.

In a separate decree, published yesterday, the government forbade enterprises from exporting without bank proof of pre-payment from their foreign companies, or letters of credit. The idea is to curb Ukrainian enterprises' habit of exporting to other republics with no guarantee of payment.

A group of Ukrainian economists, working closely with World Bank officials, is meanwhile drafting a programme to reduce Ukraine's inflation from its current monthly rate of 30 per cent.

Europe's executives expect gloomy year ahead

By David Marsh, European Editor

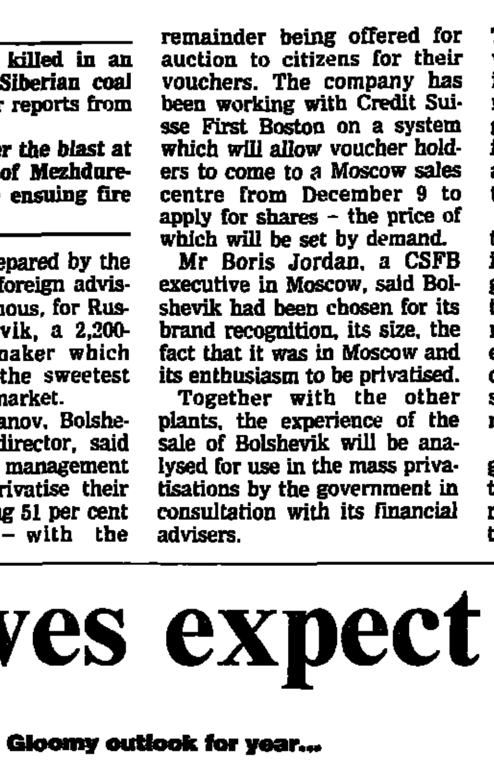
Europe's future: the view from the boardroom

The second UPS survey is based on 1,485 interviews carried out by Harris among EC business leaders between September 21 and October 30, 1992. Respondents were selected from Europe's top 15,000 businesses by revenue.

The following countries were included: Belgium (104 interviews), France (255), Germany (255), Italy (256), Netherlands (106), Spain (251), UK (258).

Details available from: Harris Research Centre, Holbrooke House, 34-38 Hill Rise, Richmond TW10 6UA. Tel.081-9485011

Gloomy outlook for year...

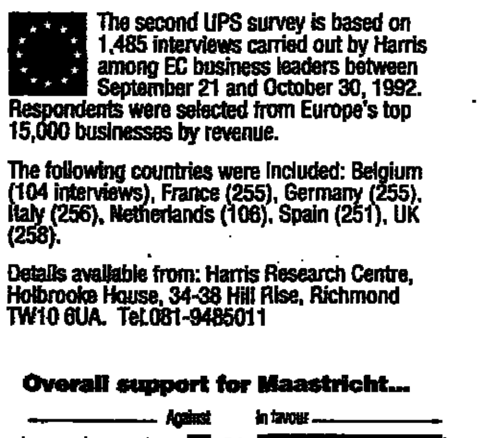


How will economic position of company be in 12 months from now?

...but 3-year prospects brightest in Germany

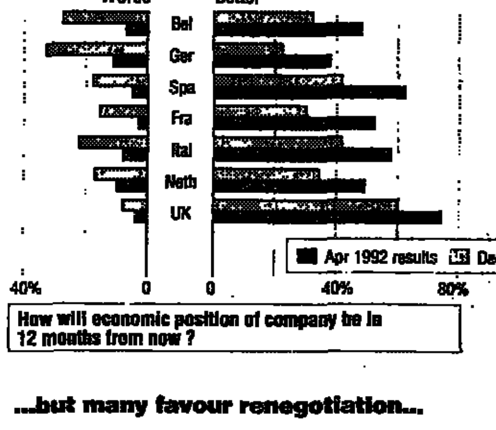
Western European countries expected to show strongest/weakest economic growth over next 3 years

Overall support for Maastricht...



Who would, or did, vote in favour in referendum on Maastricht?

...but many favour renegotiation...



Should EC redraft or negotiate Maastricht Treaty, or continue with implementation without Denmark?

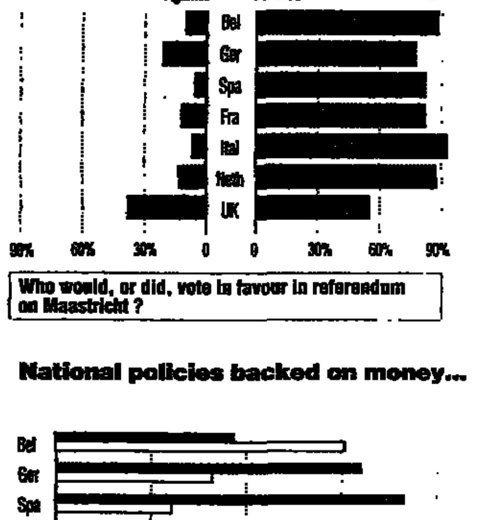
...and want Central Bank in own country

% response from countries surveyed

Preferred city	Bel	Ger	Spa	Fra	Ital	Neth	UK	Total
Frankfurt	12	73	12	5	14	10	6	21
Brussels	44	4	12	12	35	10	4	15
London	7	1	7	2	6	6	59	14
Paris	0	2	8	10	13	2	1	8
Amsterdam	2	1	0	1	2	51	2	5
Strasbourg	1	0	2	17	2	0	0	4
Luxembourg	8	2	2	7	5	2	1	4
Barcelona	0	0	16	0	0	0	0	3

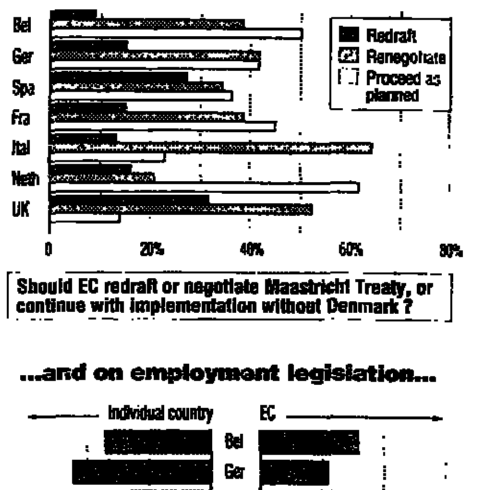
Cities where respondents think Central Bank should be located

National policies backed on money...



Should interest rates be set according to individual country needs or to maintain parity within ERM?

...and on employment legislation...



Should employment law be drafted, passed and implemented by EC or individual countries?

...with southern countries viewed with mistrust

% response from countries surveyed

	Bel	Ger	Spa	Fra	Ital	Neth	UK	Total
Some countries reluctant	89	95	77	91	82	95	96	89
Equality in all countries	7	4	14	7	14	3	2	8
Italy	57	64	47	69	71	77	74	66
Spain	52	38	68	38	33	60	36	44
Greece	42	31	38	44	26	46	26	34
Portugal	33	32	44	34	22	33	18	30
UK	26	41	21	43	34	16	10	28
France	23	36	6	11	28	36	55	29
Germany	10	4	3	8	25	5	10	9
Belgium	20	5	0	3	12	5	1	5
Denmark	3	6	2	5	13	0	1	5

Are EC directives implemented equally in all member countries? Which countries are likely to comply?

LEADING European companies forecast a gloomy new year of low growth and rising inflation and unemployment, according to a survey of business opinion in the seven biggest European Community economies published today.

Only 38 per cent of leading European business executives believe their company's prospects will improve during the next 12 months, while 19 per cent think the position will worsen.

The survey – the UPS Business Monitor – was conducted for the US-based delivery company United Parcel Service by Harris Research. Interviews were carried out in seven countries – Belgium, France, Germany, Italy, the Netherlands, Spain and the UK – after Europe's September currency upheavals.

The findings show how concern over flagging economic dynamism and the faltering pace of European integration has forced companies to lower their sights for 1993.

There has been a sharp rise in pessimism since the spring. When surveyed in February and March, 55 per cent of business leaders thought their company would do better during the coming 12 months, and only 6 per cent believed the position would get worse.

This means that the "optimism index" (the gap between optimistic executives and pessimistic ones) fell from 49 points in March to 19 in the autumn.

Business chiefs across the continent foresee a small increase in inflation next year in all countries except the Netherlands. Unemployment is expected to rise by 0.5 to 1.5 percentage points in most countries, while no country is thought likely to experience growth of more than 1.9 per cent.

Companies in Spain, the UK, Italy and Germany all forecast growth of 1.2 per cent or less in their countries' economies next year. Companies in the Netherlands and France are slightly more optimistic, expecting expansion of 1.9 per cent and 1.8 per cent respectively.

Executives in Germany are most gloomy about next year's prospects, with 22 per cent saying their company's position will improve in the next year, and 33 per cent forecasting deterioration. There has been a striking decline in German optimism since March, when 36 per cent saw an improvement against only 11 per cent forecasting deterioration.

In spite of the restrained outlook for British growth, UK executives are most optimistic about an upturn in prospects, reflecting the view that the two-year recession in the UK may be about to end. Of British executives surveyed, 60 per cent said they thought their companies would do better during the next 12 months, while only 8 per cent said they would fare worse. However, this relative confidence marked a decline in optimism since March, when 74 per cent foresaw improvement and only 4 per cent deterioration.

Across the other EC countries, business confidence has also registered a steep fall since March. The "optimism index" fell from 39 to 6 in Belgium, from 57 to 25 in Spain, from 49 to 14 in France, from 51 to 19 in Italy and from 39 to 17 in the Netherlands.

Although German companies are the most pessimistic about the next 12 months' prospects, the medium-term outlook is seen as much brighter – particularly by respondents outside Germany. Seventy-one per cent of companies tipped Germany as likely to show strongest growth during the next three years, while 48 per cent believed France would be in this position, putting it in second place behind Spain. There was virtually unanimous belief (among 91 per cent of respondents) that Germany can overcome the challenges of reunification.

The UK businessmen display much more confidence in British prospects than do their competitors abroad. Among UK respondents, 33 per cent expect Britain to show strongest economic growth during the next three years, while only 12 per cent of their counterparts on the continent agree.

Italy is expected to show weakest economic growth during the next three years, according to 51 per cent of all respondents, and 54 per cent of Italian business people.

The UK came second among the countries judged to face poorest growth prospects, ranked in this position by 48 per cent of all respondents, but by only 30 per cent of the British.

One factor underlying optimism among businessmen is the advent of the single market. European companies hope to benefit as the single market comes into effect next year, in spite of doubts about ratification of the Maastricht treaty.

However, 45 per cent of respondents forecast that customs procedures and controls at borders will not disappear in 1993. Although this indicates that hopes about the precise impact of next year's changes have been scaled down, a large majority (67 per cent to 21 per cent) believes that movement of goods within the EC next year will become easier.

Support for the single market is uniformly strong among the countries surveyed, but there is scepticism about whether single market directives are being implemented equally in all member states. Italy is viewed as the worst offender.

Maastricht looks good deal to business

By David Marsh

THE MAASTRICHT treaty is supported by a large majority of top European executives. British respondents are most sceptical.

Most businesses take a highly pragmatic line on how governments should cope with the treaty's ratification difficulties. They see the need for national flexibility rather than rigid Community-based policies in running the exchange rate mechanism

And, as further evidence of a strongly pragmatic streak, there is strong support for national solutions in employment legislation.

Most company chiefs would prefer to renegotiate or redraft Maastricht rather than to go ahead without Denmark, which rejected the treaty by a narrow margin in its referendum in June.

On the question of where to place an institution meant to take a central role in the Maastricht arrangements the European central bank Euro-idealism appears to take a back seat. Executives show distinct preference for sites in their own countries. Among German companies, 73 per cent supported Frankfurt, while 59 per cent of the British favoured London.

Among Belgian corporations, 44 per cent preferred Brussels, while 16 per cent of Spanish business people wanted Barcelona.

In employment law, 55 per cent of European companies believe such legislation should be drafted, passed and implemented by individual countries, with only 43 per cent saying this role should be played by the EC.

This is felt most strongly in Britain: 83 per cent, with only 16 per cent arguing in favour of an EC role. Next comes Germany: 67 per cent and 32 per cent respectively.

Concerning the question of Maastricht acceptance, 79 per cent of executives in the seven countries say they would – or (in the case of France) did - back the treaty in a referendum. Only 16 per cent declared opposition. UK executives are most cautious about Maastricht, only 55 per cent saying they would vote in favour in a referendum, and 38 per cent declaring they would vote against. Eighty-two per cent of French executives say Yes to Maastricht, with only 12 per cent rejecting the treaty. The approval rating is even higher in Italy (93 per cent), Belgium (88 per cent) and the Netherlands (87 per cent).

Although the treaty is supported by 77 per cent of business people in Germany, a sizeable majority (21 per cent) say they are against it. A majority in each country surveyed (including France) said, however, they believed referendums were unnecessary to allow the treaty to be ratified.

The survey shows clear divisions on how to operate the ERM.

An overall majority of 63 per cent to 33 per cent believes countries should tailor interest rates to their own needs rather than to maintaining ERM parities. This figure masks a sharp split within the EC, corresponding to the "hard" and "soft" currency groups in the ERM.

In businesses in Belgium and the Netherlands, large majorities (61 per cent and 63 per cent respectively) think ERM rates have to be maintained even at the cost of higher interest rates. A strong minority (39 per cent) backs this notion in France.

However, among the "soft" currency countries which have recently devalued or left the ERM, companies support a more flexible policy.

In Britain, 81 per cent of respondents thinks interest rates must move in line with countries' economic requirements rather than to maintain exchange rate stability.

This view is backed by 73 per cent of companies in Spain and 64 per cent in Italy, as well as by 64 per cent of those in Germany, whose central bank, the Bundesbank, is the dominant institution managing the ERM.

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Single market's double standards

EC to renew calls for growth push

The Community will grow by just 1.1% this year

By Lionel Barber in Brussels

MR Henning Christophersen, the EC economics commissioner, will today press plans for a growth stategy in both western and eastern Europe to revive slumping public investment and give hope to the emerging democracies in Poland, Hungary and the Czechoslovak Federation.

Mr Christophersen is expected to reveal that the Community will grow by barely 1.1 per cent in 1992. Growth next year is likely to be between 1.0 per cent and 1.5 per cent, with a threat of near stagnation of output.

In an interview yesterday, Mr Christophersen called upon EC governments to work more closely on co-ordinating economic policy, boosting public works programmes and "reorienting resources" by scaling back state aid to industry or curbing public sector salaries, notably in Germany.

The Danish commissioner also issued a plea to the Community to look favourably upon the requests for membership made by Poland, Hungary and Czechoslovakia. He called too for more east-west infrastructure spending on roads, railways and telecommunications to correct what he identified as a north-south bias.

As Danish minister of foreign affairs and then EC Commissioner in 1985, Mr Christophersen was intimately involved in negotiating the terms of membership for Greece, Spain and Portugal. Although he stopped short of offering a firm timetable, the Commissioner said the EC should not be narrow-minded. They should tell Poland, Hungary and Czechoslovakia that "you are on your way to becoming EC members".

Mr Christophersen's views on enlargement are not widely held in the EC, but his comments reflect unease that the Community is so preoccupied with its internal problems over the Maastricht treaty that it is not paying attention to its eastern neighbours.

Mr Christophersen has been working with Mr Jacques Delors, the European Commission President on a new growth strategy to be presented at the EC summit in Edinburgh next month.

Britain broadly supports the Brussels initiative, particularly plans to set up a new European Investment Fund which would provide loan guarantees under the auspices of the European Investment Bank.

But UK officials are anxious about Community plans to borrow up to Ecu5bn ($6.2bn) on the capital markets which could feed into budget deficits. Mr Christophersen stressed yesterday that his plan consisted mainly of "supply-side" measures which in no way undermined the need for fiscal discipline.

The UK is also worried Mr Delors might "hijack" the summit with a high-profile growth package, distracting attention from other pressing issues.

Mr Christophersen explained yesterday that he had not as widely reported – called for a Ecu50bn investment package to revive the EC economy. He had noted only that EC investment had fallen from 4 per cent in 1991 to a negative ¾ per cent in 1992. The figure of Ecu50bn was the amount of investment needed to "move" the EC economy and prevent an increase in unemployment, he said.

BEHIND THE SMILES: John Major's finance proposals are getting a chilly reception from Spanish premier Felipe Gonzalez

Spain cool to UK ideas on EC spending

By Tom Burns in Madrid

BRITISH proposals on EC financing received a chilly reaction in Madrid yesterday.

After a two-hour meeting with Mr Felipe Gonzalez, Spanish prime minister, his British counterpart, Mr John Major, defended his plan to limit Community funding and to reduce transfers, in the form of cohesion funds, to its poorer partners. He said it was a "compromise" between criticism from "some that it is not generous enough and criticism from others who say it is too generous".

Mr Major, on a whistle-stop tour of European capitals in search of a basis for agreement at next week's Edinburgh summit, added that when his proposals were studied in detail "many will have a different view". Failure to reach agreement would be damaging both for the Community itself and for the economies of the member states.

Mr Gonzalez gave little or no ground, however. He termed the proposal on Community's budgetary resources as "insufficient" and its spending package as "minimal". He added that he had arrived at these conclusions after "a technical study" of the proposals.

Mr Major bravely rode the Spanish premier's punches. He said that he was seeing EC heads of government in order to "identify areas of difficulty" and he conceded that in Madrid "the areas of difficulties have become sharper".

He admitted that Edinburgh was building up to be "more complex than any other EC summit for a long time".

Peter Wise adds from Lisbon: In Portugal, Mr Anibal Cavaco Silva, the prime minister, said he had explained his country's opposition to Britain's EC budget proposals in several hours of discussions with Mr Major. But he refused to be drawn on numbers.

"We consider this is not the right moment to deepen our differences. Mr Major is working for a solution that is acceptable to all the Community and that will result in a successful outcome at the Edinburgh summit," he said.

Investment to fall 7% in Germany

By Christopher Parkes in Frankfurt

WEST German companies will reduce capital investment by a real 7 per cent in 1993 following a 6 per cent cut this year, according to the Ifo economics research institute in Munich.

Industry, which originally planned a small increase in spending for this year, has progressively cut budgets as business conditions have deteriorated, the institute said.

The investment boom of the last few years greatly increased industrial capacity, and the current slowdown in spending was more a result of this development than general economic conditions.

Despite the economies, made mostly by the smaller companies among the 2,400 surveyed, total investment this year is expected to be almost DM100bn. Only 35 per cent of the sample planned to spend more in 1993.

Bonn puts limit on pay-outs

By Judy Dempsey in Bonn

CLAIMANTS seeking compensation for property confiscated in the former East Germany will be limited to a maximum DM300,000 ($188,679) per claimant, Mr Theo Waigel, German finance minister, said yesterday.

Pay-outs will not be made immediately, however, because the government has no funds to meet the tens of thousands of compensation claims. The decision, which is likely to upset many former owners because the maximum compensation will be far less than the current value of property, follows two and a half years of debate in the government commission set up to examine compensation costs and other issues.

A finance ministry official said that the draft proposal, which must be discussed by the Länder, or states, is likely to be accepted.

Panic to challenge Milosevic in election

By Laura Silber in Belgrade

YUGOSLAV Prime Minister Milan Panic said yesterday he would stand in the Serbian presidential elections on December 20 and launched his campaign with a scathing attack on his rival, Mr Slobodan Milosevic.

"Under Milosevic we have become isolated internationally and have become the victim of crippling sanctions," he said. "War rages out of control and yet Milosevic has done nothing."

Mr Panic faces an immediate challenge on Saturday when Serbia's electoral committee is due to rule whether the Belgrade-born US businessman is eligible to run. Belgrade radio, controlled by Mr Milosevic, said Mr Panic might not qualify as he could not provide proof of one year's residence in Serbia. Mr Panic, who returned to Serbia from California in the summer, dismissed this.

This latest attempt to block Mr Panic reflects nervousness among Serbia's ruling Socialists that he could beat Mr Milosevic at the polls.

Named prime minister in July, Mr Panic has won popularity for promising to save Serbia. A western diplomat called his decision to run "courageous", saying he was the only candidate who could beat Mr Milosevic.

Meanwhile in Bosnia yesterday the UN suspended the Sarajevo airlift after a US relief plane was hit by small-arms fire.

In Brussels, Nato said it planned to tighten an oil and trade embargo on Yugoslavia by despatching warships to the coast of neighbouring Albania.

Mr Malcolm Rifkind, UK defence secretary, criticised the WEU and Nato for sending separate naval task forces to enforce the embargo. He told the WEU assembly in Paris the two overlapping forces were failing to achieve results.

King Fahd of Saudi Arabia yesterday urged the UN to allow Bosnia's Moslems to arm themselves in their fight against the Serbs, writes Our Foreign Staff.

Foreign ministers from the 47 states of the Organisation of the Islamic Conference meeting in Jeddah are expected to call on the UN to use force to stop Serbian attacks on Bosnia's Moslems.

Japan and EC fail to agree on car demand

By Steven Butler in Tokyo

JAPAN and the European Community appear to be heading for a clash over automobile trade after failing to reach agreement during two days of talks in Tokyo on the expected outlook for new car demand in Europe next year.

Japanese officials said Tokyo expected a slight improvement in the market, while the EC believed the market would decline slightly.

European officials refused to comment in detail on the talks, which ended yesterday, but described them as technical in nature and said there were no negotiations on the level of Japanese exports to Europe next year.

The two sides agreed to meet again in Brussels in January to try to resolve their differences.

However, the difference in forecasts for automobile sales will make it difficult for the two sides to reach agreement on the level of exports.

Last April, in view of the weak demand for cars in the EC, Japan agreed to cut 1992 exports to Europe by 6 per cent, from 1.26m vehicles. Japanese automobile companies have seen profits decline sharply this year because of weak markets at home and abroad and will be unhappy to see the level of exports reduced again.

Japan and the EC have agreed to a monitoring procedure until 1999 aimed at limiting Japanese exports to Europe and giving European car makers time to improve competitiveness.

In the meantime, however, car production by Japanese companies in Europe has begun to rise sharply.

Land Rover's plans for Brazil plant 'slip'

By Stephen Fidler, Latin America Editor

LAND ROVER, the subsidiary of the Rover group, said yesterday there had been some "slippage" in its plans to set up an assembly plant in Brazil.

The company had intended to begin producing vehicles in 1993, but a spokesman said yesterday the schedule had been set back largely by a trademark dispute, now settled in the company's favour.

Mr Gilberto Mestrinho, governor of the Brazilian state of Amazonas, is due to meet officials from Land Rover today for talks about the possible siting of an 18,000-vehicle-a-year assembly plant in Manaus, the state capital.

Mr Mestrinho, on a visit to Britain, said that a variety of tax advantages were available to the company in the free-trade zone in Manaus. An official travelling with Mr Mestrinho said talks with Land Rover were "quite far advanced".

A Land Rover spokesman said yesterday, however, that the group was still studying the issue and had not decided finally to go ahead. Several sites in Brazil were under consideration.

The company, which produced a total of 55,000 vehicles in 1991, said early last year it would set up a subsidiary to produce its Defender and Discovery models in Brazil. The venture would, the company said at the time, require use of a high level of Brazilian-sourced components, and would be Land Rover's first integrated overseas manufacturing venture.

The sticky issue of a bowl of Japanese rice

Import ban is more than economics, writes Charles Leadbeater

MRS Kyoko Mochizuki will never forget how, in the devastation that followed the Second World War, her mother would sort through her kimonos to decide which to take into the countryside to exchange for rice.

Urban Japan's dependence upon the rice farmers in those desperate years has left a deep imprint on Japanese society.

A rural root system runs through urban, industrialised Japan. Village homes have a residual symbolic significance in the cities. For several days each August, Tokyo becomes a ghost town as families return to the rural homes of their ancestors.

The spirit of co-operation which has organised the irrigation of hundreds of thousands of paddy fields is reflected in Japanese companies' consensual industrial relations.

So the decision about whether Japan should allow rice imports to help complete the Uruguay Round of the General Agreement on Tariffs and Trade is about more than economics.

Japan has to negotiate an accommodation with its rural heritage. The ruling Liberal Democratic Party (LDP) has to renegotiate its vital electoral alliance with the farmers at a time when its public standing has been battered by scandal and economic downturn.

In past crises the LDP has rallied the agricultural vote for stability, giving farmers an inordinately powerful electoral voice. Now for the first time since the war the LDP risks antagonising farmers during a gathering domestic crisis when it most needs their support.

The Japanese rice market has been regulated and subsidised by a patchwork of laws since 1942.

The government pays the farmers a high price for their rice and subsidises its sale to consumers. The combination of these subsidies, with an import ban and appreciation of the yen, has pushed Japanese producer rice prices to about eight times the international level.

Consumers pay about six times what they would if they could buy imported rice.

The subsidies, which by 1987 had reached a peak of Y3,130bn ($25.2bn) for rice, out of total subsidies of Y5,070bn, slipping back to Y2,483bn in 1991, out of total subsidies of Y4,230bn, spread distortions through the rest of the economy.

Japan is the world's largest net importer of food. Yet the subsidies allow farmers to use land for rice production which would be better used for other crops which are imported.

The agricultural subsidies help to inflate residential land prices beyond the reach of most industrial workers because, by maintaining rice production, they restrict land available for building.

In Tokyo about 13 per cent of the city is classified as farmland, worked by 30,000 families. Yet nearly half have no taxable income from agriculture, while 14 per cent have sales worth less than $1,000 a year. About half a million new homes could be built on Tokyo's agricultural land.

That Japan is prepared to pay the cost of these distortions is testimony to the political power of the farmers: local agricultural co-operatives are formidable political machines in an electoral system in which sparsely-populated rural areas are heavily over represented in the parliament.

The co-ops recently engineered the electoral downfall of 15 LDP Diet members in key agricultural districts over the liberalisation of beef and orange imports.

Yet the idea that politics is deeply rooted in Japan's peasant past is largely a myth, as much a post-war creation as the nation's manufacturing industry.

In the 1920s and 1930s intermittent starvation was not unheard of in rice growing areas as the government, supported by big business, allowed rice to be imported from Japan's then colonies. Rice imports reached a peak 28 per cent of consumption in 1933.

The conservative's alliance with agriculture was forged after the war in response to crises which threatened conservative rule.

Eastern protest: Japanese farmers joined demonstrations in Strasbourg yesterday against agricultural reform

The shocking example of the Chinese revolution of 1949 made the conservatives fear the Japanese countryside might fall to communism, at a time when they needed to secure food supplies to shore up their weak urban support. Between 1949 and 1953 agricultural subsidies trebled.

The rice price rose by 43 per cent between 1960 and 1964 in the wake of the conflict over the renegotiation of the security treaty with the US.

And it leapt by more than 30 per cent in the early 1970s when the LDP was fighting to maintain its popularity in the wake of the recession caused by the first oil shock.

The average Japanese farm is a labour-intensive 1.2 hectares, one-hundreth the size of the average North American farm.

In spite of the latter's huge productivity advantage, Japanese farm household income in 1984 was about 19 per cent higher than in the US.

However, the agricultural vote is not a distinct bloc. Over the past three decades the Japanese countryside has been transformed by industrialisation and urbanisation.

In 1970 about 41 per cent of the Japanese rural workforce was employed in agriculture. Now in rural areas about 42 per cent are employed in the service sector, a third in manufacturing and a quarter in agriculture.

There are three groups of farmers. About 500,000 are full-time, probably efficient enough to withstand a sharp fall in rice prices brought about by imports. A further 750,000 are part-time farmers who derive most of their income from farming.

Then there are 3m "class-B" part timers – that is, about 70 per cent of all those involved in farming – who derive most of their income from other sources. In the mid-1950s most farms were run by full-time farmers; the class B part-timers were just 28 per cent of the workforce. Now class B farmers are the main beneficiaries and staunchest supporters of subsidies.

Without the subsidies their farms would make huge losses because they spend most of their time – and earn most of their incomes – in factories or offices.

About 60 per cent of Japan's integrated circuit production is concentrated in largely rural areas such as Tohoku in central Japan and Kyushu, the southern island.

These factories employ many part-time farmers whose income is being subsidised by the state.

So the electronics workers who stand most to gain from an open world trading system are often the part-time farmers who have most to lose from the withdrawal of rice import protection.

Thus the LDP speaks in several different voices while it gropes for compromise.

It wants to send a signal to its international partners that it is prepared to replace the outright ban by a system of tariffs, possibly as high as 700 per cent at the outset, to help finalise the Gatt round. But it does not want to risk a revolt among the farmers in the run up to elections next year.

The party will move as slowly as it can to show the farmers it has done its utmost to defend their interests.

It will not budge until foreign pressure becomes irresistible, and only then after winning concessions in exchange – perhaps on stricter anti-dumping rules, which the EC and the US have used with particular frequency and fickleness against Japanese exporters.

Uruguay Round negotiators to tackle tariff cuts

TRADE negotiators in Geneva yesterday resolved to press ahead rapidly with country-by-country negotiations on cutting tariffs and other barriers to trade in goods, which form a crucial part of the Uruguay Round of global trade talks, writes Frances Williams in Geneva.

Other countries urged the US and EC to present details of their farm trade accord reached a fortnight ago. This is expected to provide the springboard for the resumed negotiations. According to US officials, the text of the agreement is awaiting approval by Brussels.

Mr Warren Lavorel, US chief negotiator, said Washington hoped to present a revised detailed tariff offer before the end of the year. The Round aims to cut tariffs on average by at least one-third, but the US and EC say they want to go well beyond that.

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- In connection with a restructuring (the "Restructuring"), CalFed Inc. (the "Company") is offering (the "Offer") to exchange shares of common stock, $.20 par value (the "Bank Stock"), of the Company's wholly-owned subsidiary, California Federal Bank, a Federal Savings Bank (the "Bank"), and subordinated debentures (the "Bank Debentures") of the Bank for the CAL Debentures. As part of the Offer, the Company is requiring tendering holders of the CAL Debentures, among other things, to consent to certain proposed amendments (the "Proposed Amendments") to the Indenture. Among the Proposed Amendments is a proposal to defer until February 20, 2000 the date (the "Redemption Date") (currently scheduled for February 20, 1993 under the Indenture) on which holders can require the Company or its successor to redeem the CAL Debentures at 123% of their principal amount (the "Put Right"). Immediately following the completion of the Offer, the Company will be merged (the "Merger") with and into a wholly-owned subsidiary (the "Subsidiary") of the Bank. As a result of the Merger, among other things, each outstanding share of the common stock, $1.00 par value (the "CAL Stock"), of the Company will automatically be converted into one share of Bank Stock and the CAL Debentures, as modified by the Proposed Amendments, that are not tendered in the Offer will remain outstanding as obligations of the Subsidiary.

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December 2, 1992

CALFED INC.

Advance troops await UN decision on force

US Marines head for the coast of Somalia

By George Graham in Washington

AN advance force of US Marines is sailing towards Somalia and could be in position off Mogadishu today, ready to land if the United Nations decides on a military operation to bring relief to the starving country.

US military officials said the 1,800 Marines could be used to secure airport facilities, assisting Pakistani peacekeeping troops already in Mogadishu, and paving the way for perhaps 15,000-20,000 US troops.

The prospect of using US troops in Somalia is causing considerable trepidation in Washington, where the successful conclusion of Operation Desert Storm last year has not wholly erased the memory of Vietnam as a traumatic warning against military involvement in faraway countries.

Somalia does not, by any account, meet the criteria formulated by Mr Caspar Weinberger, defence secretary under President Ronald Reagan, to guide decisions on when to commit US forces: intervention may have the support of the American people, but there is no substantial US national security interest, nor is it clear what would constitute victory.

Ms Catherine Bertini, head of the UN World Food Programme, said in Washington yesterday: "We have 12,000 tons of food sitting blocks away from where Somali people are starving. I don't think those people have time for us to continue many more months or weeks of negotiations."

But military commanders appear much less worried about the prospect of intervention in relatively flat and barren Somalia than they are about the conflict in mountainous Bosnia, where they say military intervention would stand little chance of success.

Military commanders doubt, however, that it will be possible to complete the job and pull US troops out again by January 20, the day on which President George Bush is due to hand over to President-elect Bill Clinton, and which the Los Angeles Times has reported to be Mr Bush's objective.

The Californian newspaper also reported that the US offer of troops had been revealed earlier than planned because of sharp disagreements within the administration. This had hindered efforts to win the support of other nations for military intervention.

White House officials have emphasised the limited goal of establishing the conditions for food aid to start flowing again, and have played down earlier suggestions that one of the aims would be to reestablish some kind of Somali government in place of the warring guerrilla factions that have made it so difficult to mount any kind of effective famine relief operation.

US military leaders remain adamant that any US troops must remain under their command, as they have done in earlier conflicts from the Korean War to the Gulf. Within Nato, all main operational commanders have traditionally been Americans, except for the British admiral at the Channel naval command.

Mr Edward Perkins, the US ambassador to the UN, appeared to open the way for an arrangement retaining US operational control under a formal UN commander.

Security Council likely to act

By Michael Littlejohns in New York

THE UN Security Council appeared last night to be moving towards approval of the use of force to safeguard deliveries of desperately-needed food and other emergency aid to millions of starving civilians in Somalia.

A key question was whether to accept, and if so on what terms, a dramatic US offer of up to 30,000 troops to form the mainstay of such an operation.

The US yesterday said it had prepared the first draft of a possible resolution for consideration by the UK, France, Russia and China, the other permanent members. If they were in general agreement the resolution would be submitted to the African and other third world delegates but a final draft was not expected to be ready before the end of the week.

While acknowledging that there now was "no alternative" but force to stop the rival Somali warlords and their clans from blocking aid deliveries, Mr Boutros Boutros Ghali, the secretary general, still favoured employing troops under total UN command and control. However, the US offer disclosed last week was contingent on it maintaining control over its forces even if the UN formally authorised the operation.

With more than 52,000 UN troops on duty on four continents, Mr Boutros Ghali said his staff were "already overstretched in managing greatly enlarged peacekeeping commitments". In his report to the Council he admitted that he did not have the capability to command and control an enforcement operation of the size and urgency required by the Somali crisis. Therefore, he suggested, that states contributing troops would have to provide not only field commandos but "considerable staff" for headquarters service in New York.

US data point to firm upturn

FEDERAL and private sector organisations in the US yesterday reported more evidence of sustained growth in the economy, with leading indicators and the purchasing managers' index showing upturns, writes George Graham in Washington.

The Commerce Department said its index of leading indicators, a composite of 11 statistics designed to predict the overall trend of economic activity, rose by 0.4 per cent in October.

It was helped mostly by lower claims for unemployment insurance and higher manufacturers' order books.

At the same time, the National Association of Purchasing Managers (NAPM) said its November index rose to 55.0 per cent, compared with 50.6 per cent in October.

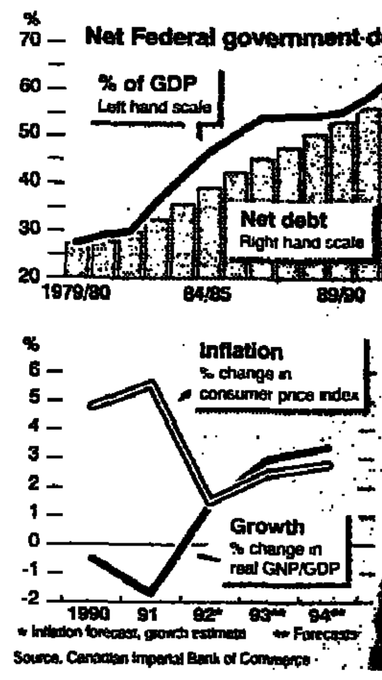
An index reading above 50 per cent indicates that the manufacturing sector is expanding.

Both statistics were slightly stronger than financial market economists had predicted, reinforcing the prospect that the US economy might now be on its way to sustained growth. However, few economists believe that the underlying rate of US growth is anywhere near the annualised rate of 3.9 per cent reported for the third quarter by the Commerce Department last week.

Until now, growth has not spilled over into the jobs market and economists are watching closely to see if Friday's employment report confirms the impression of a stronger economy.

See Lex

Canada caught revving in the middle of road



Don Mazankowski
Minister of Finance

Bernard Simon previews a mini-budget that has expansionary hopes amid restraining realities

CANADA'S politicians were in rare agreement after the constitutional referendum in October that their highest priority was to rev up the sluggish domestic economy.

The federal government immediately began preparing its strategy for recovery, with a multi-billion dollar infrastructure renewal programme as its centrepiece.

But when Finance Minister Don Mazankowski delivers his mini-budget in the House of Commons today, expansion is likely to be tempered by the need for fiscal restraint.

In the five weeks since the referendum, worries about the elusive business recovery have shared the headlines with a currency crisis and mounting concern about the state of government finances.

Politicians and bureaucrats who favoured a strong dose of stimulation in the mini-budget have found their plans blocked by others urging tighter fiscal and monetary discipline.

Canadian Imperial Bank of Commerce noted in an economic forecast released last week that "any fiscal package, unless financed through expenditure cuts, will have to be modest".

Mr Paul Darby, director of forecasting at the Conference Board of Canada, adds: "It looks as if [the mini-budget] will turn into more of a restrictive exercise than an expansionary exercise."

Even Ontario's social-democratic government, which came to office two years ago promising a raft of public-spending initiatives, is tightening its belt as the recession eats into revenues and puts heavier demands on social security.

Ontario last week announced a series of austerity measures without which its budget deficit would have soared from a projected C$8.1bn (£4.1bn) to C$12.3bn.

On the federal level, the Progressive-Conservative government has been dogged by over-optimistic fiscal planning since it came to office in 1984. One budget after another has promised to bring down the budget deficit and reverse Canada's spiralling debt.

In practice, however, the Finance Department's forecasts have invariably erred on the bright side.

In last February's budget, Mr Mazankowski pledged that "despite the economic slowdown, we will hold the deficit to C$31.4bn" in the fiscal year to March 31 1992. He predicted that, based on gross domestic product growth of 2.7 per cent in 1992, the shortfall would dip to C$27.5bn in the current year, and that the government's borrowing needs would shrink to nil by 1995/96.

But the 1991/92 shortfall came to C$34.5bn, the second highest ever.

With growth unlikely to exceed 1-1.5 per cent this year, the 1992/93 deficit is now expected to be C$33bn-C$34bn. Hopes of eliminating the borrowing requirement within four years have all but disappeared.

Financial markets have become increasingly jittery about Canadian governments' appetite for debt. Burns Fry, a Toronto securities firm, predicts that federal and provincial borrowings will reach C$60bn in the 12 months to next March, almost double the level five years ago.

Some foreign institutions, in particular, are nearing the limits of their portfolios earmarked for Canadian debt.

News of the latest budget shortfalls has contributed to a sudden run on the Canadian dollar in recent weeks. In the past three months the currency has slumped from 84 US cents to less than 78 cents.

As in the various European countries whose currencies have come under pressure lately, the central bank, the Bank of Canada, sought to smooth the fall by pushing up interest rates.

Together with increases which took place in the period of nervousness leading up to the referendum, banks have lifted their prime lending rates from 6.25 per cent to 9.75 per cent, wiping out the steady declines in the first nine months of the year.

Economists are virtually unanimous that rates will soon ease again now that the dollar appears to have found a new level. The Bank of Canada has already begun to bring down its trend-setting weekly discount rate.

But the recent jump in borrowing costs could delay the long-heralded business recovery. Mr Leo de Bever, chief economist at Nomura Securities in Toronto, predicts an "extremely weak" fourth quarter.

The Conference Board has already lowered its 1993 GDP forecast from 3.2 per cent to what Mr Darby calls "the high twos".

Just as missed budget targets have prompted calls for fiscal restraint from some quarters, the prospect of delayed recovery has led others to urge that Mr Mazankowski give top priority to reflation.

The prospect of a stimulatory fiscal package from the Clinton administration in Washington has strengthened the hand of those calling for similar measures in Canada.

Canada's unemployment rate is over 11 per cent and hardly a week passes without news of another big corporate retrenchment. Dofasco, the country's biggest steelmaker, announced last week that it plans to close a mill with the loss of 2,000 jobs. Canadian National, the state-owned railway company, plans to cut 10,000 jobs, or almost a third of its workforce.

The political argument in favour of stimulation may be most persuasive of all. The Conservatives are languishing at rock-bottom in public opinion polls, and have been banking on a business recovery to improve their popularity before the general election next year.

Torn between the equally forceful calls for growth and for fiscal prudence, Mr Mazankowski is expected to steer a middle course in the mini-budget today.

Age of labour shortage ends for Japanese

By Charles Leadbeater in Tokyo

JAPAN is suffering from an excess supply of labour for the first time for almost five years, according to government figures published yesterday. These suggest the official unemployment rate will soon rise if the economic downturn continues.

The ratio of job offers to job seekers fell to 0.96 last month from 1.01 in September, which means that for every 100 job seekers there are only 96 job offers.

This is the ratio's lowest level since April 1988 when the Japanese economy was recovering from the downturn provoked by the rapid appreciation of the yen in the mid-1980s. The ratio has fallen from a peak of 1.47 in March 1991.

Although the official unemployment rate was unchanged at 2.2 per cent, the sharp decline in job offers suggests unemployment may begin to rise.

Job offers in October were 18 per cent down on last year, mainly because offers of temporary and part-time work were 68.7 per cent lower.

Manufacturing job offers were 28.9 per cent down on a year before, 6.8 per cent in finance and 12 per cent in the rest of the service sector.

The gathering depression in the jobs market means that consumer spending will remain stagnant for several months yet.

However, it seems increasingly unlikely that the government will stimulate the economy significantly through tax cuts or higher public spending in next year's budget.

Only a determined political intervention from the ruling Liberal Democratic party is likely to overturn the Finance Ministry's opposition to tax cuts in the light of the continuing steep fall in tax revenues.

Finance Ministry officials disclosed that public revenues for 1993 will be about Y71,700bn (£381bn), with tax revenues Y1,200bn down on the initial budget for 1992. Expenditure is likely to be Y74,800bn. The officials said the revenue shortfall may require modest increases in taxes on alcohol and tobacco as the ministry is opposed to increased borrowing to fund the shortfall.

Vehicle sales in Japan last month were 12.3 per cent down on November 1991 at 434,100. Sales of large trucks, which were 28 per cent down at 9,224 and large cars which were 20.8 per cent down at 61,331 were particularly badly hit.

Mazda and Nissan lost market share to Toyota, Mitsubishi Motors and Honda.

Hong Kong business cools on democracy plans

By Simon Holberton in Hong Kong

SUPPORT among Hong Kong's business community for Mr Chris Patten, the colony's governor, is rapidly evaporating in the face of the concerted opposition from Beijing to his proposals for more democracy in Hong Kong.

Many business people were alarmed by China's effective halt of the future development of the colony's container port by its threat last week not to honour the Hong Kong government's proposed plans for expansion of the port.

This concern was heightened on Monday when Beijing said that all agreements entered into by the Hong Kong government would be invalid after 1997 if not agreed to by China. Business people took little comfort from China's assurance that it continued to welcome foreign investment in the colony.

'Confronting China head-on is not the way to deal with the Chinese'

Business people believe that Mr Patten is acting precipitately in his attitude toward China and has embarked on a quest that has little or no chance of success. China, they claim, may compromise on economic issues when it is in its interests to do so, but not on matters of politics.

Influential figures among the British business community in Hong Kong fear that Mr Patten has gone about dealing with China in a confrontational way which has succeeded only in hardening Beijing's resistance to his ideas for limited democracy in the colony.

"Confronting China head-on is not the way to deal with the Chinese," said the head of one large diversified trading company. "He has given them no room for manoeuvre."

Few business leaders, either British or Chinese, will speak publicly about their disquiet. In private, however, many are concerned about possible Chinese retaliation which could affect their business interests in Hong Kong and their prospects in China.

According to the finance director of one local electronics company: "I'm not sure that Mr Patten knows what he is doing. If you look at what has been happening in China it is helpful to business. Why change Hong Kong now? There is no need to."

Mr John Mulcahy, head of research at Peregrine, a local brokerage, said: "I do not believe the position he has adopted is winnable. He has taken the risk and I think he has failed.

"There has not been a mood as divisive and anxious in Hong Kong as prevails today since the early 1980s. If that is what he has set out to achieve then he has achieved it."

'It is better. . .that the issue of democracy. . .is settled once and for all'

This view is not, however, universally held. Nor is opposition to Mr Patten total among business people.

Some leading members of the business community have welcomed his open style of leadership and the way in which he has brought the political problems facing Hong Kong to the public's attention.

"It is better for Hong Kong that the issue of democracy and the colony's relationship with China is settled once and for all," said one *taipan*.

Another top executive of a large Anglo-Chinese company said: "We have to back the governor. Those who are criticising him now are the ones that have done well out of the colonial system and fear change."

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Where Cambodia's peace deal does not reach

Victor Mallet visits the north where the annual dry-season battle with the Khmer Rouge is under way

FOR Lieutenant Yang Souphat, an officer in the Cambodian government army guarding the road north of Kompong Thom, very little has changed since the signing of the Paris peace accords a year ago.

The rains have ended, the swampy ground is beginning to dry out, and it is time for the annual battles against the guerrillas of the Khmer Rouge.

Already there is fighting with artillery or small arms almost every day. "Khmer Rouge activities are on the increase," says the lieutenant. His troops show off an anti-tank mine found that morning under the dirt road known as Highway 12; the only vehicles moving now are bicycles and heavily laden motorcycles re-supplying the troops further north.

But what about the ceasefire? "There is no success with this," replies Lt Yang Souphat, "because the Khmer Rouge still keep their weapons."

Across Cambodia, the refusal by Khmer Rouge leaders to adopt a ceasefire, disarm their forces or participate in an election due next May – all of which they agreed to do last year – is undermining both the peace plan and the $2bn operation of the United Nations Transitional Authority in Cambodia (Untac) which was supposed to implement it.

In the area around Kompong Thom, UN troops are monitoring a non-existent ceasefire.

Lt Yang Souphat, recently supplied with a new multiple rocket launcher from down south, is more concerned about the grid references of incoming artillery rounds than the ins and outs of the UN peace plan.

UN military observers agree that the various Cambodian factions have started to manoeuvre their forces through Cambodia's forests, rubber plantations and swamps in their attempts to seize more territory. Numerous skirmishes are breaking out; they are usually between the Khmer Rouge and the government, but the forces of Funcinpec, the royalist party, are also occasionally involved.

"As it starts to dry out, there is an awful lot of factional military activity," says Colonel Mark Walton, the British operations officer for the military observers in the area.

Even more serious than the seasonal outbreak of fighting is a drive by the Khmer Rouge to disrupt the registration of voters for the election.

French Untac soldiers load a UN helicopter in northern Cambodia where Khmer Rouge forces were reported to be operating

Last week, two days after military observers had distributed election posters and radios (so that the villagers could listen to Untac radio) in a village in Kompong Thom's Sambur district, Khmer Rouge guerrillas entered the village, burnt the posters and – according to some reports – took away the radios.

A more ominous incident, also last week and in the same district, occurred in another village where civilian UN officials had already registered voters. Khmer Rouge guerrillas seized the registration cards at gunpoint and cut them in half, keeping the halves bearing the names of the inhabitants.

Elsewhere in Kompong Thom province, two people were injured when six rockets were fired at a registration centre; and in yet another part of the province a Khmer Rouge general has ordered out UN electoral staff and demanded the removal of a cantonment site for Funcinpec soldiers.

Near Kompong Cham a UN electoral officer came across the body of a man floating down the Mekong river. He had been tortured, burnt and tied to a stake.

Not all the violence is attributed to the Khmer Rouge. Government officials, accustomed to a one-party political system, are suspected of grenade attacks on newly established Funcinpec offices and other targets in and around Battambang in the west.

Untac insists there is no evidence yet of a systematic attempt to disrupt the election – indeed some Khmer Rouge guerrillas have registered themselves – but many UN electoral officials, Cambodian and foreign, are frightened by the intimidating tactics of Khmer Rouge and government forces.

Indonesia's 2nd battalion in Kompong Thom has called in reinforcements from Phnom Penh. The original idea, says Major Safzen Noerdin, was to accompany electoral officials only in "high-risk" areas. "But now almost all the teams ask us to provide security," he says.

Mr Reginald Austin, the Zimbabwean who heads the UN's electoral taskforce, is delighted at the high levels of voter registration so far – about 2.7m people out of an estimated eligible population of 4.5m to 5m – although he believes the voting itself in May will be far easier to disrupt than the long process of registration.

"I think we probably will achieve a very high level of registration in spite of the fact that there is a lot of flak around," he says. The seizure of registration cards does not deprive those affected of the right to vote, since they will still be on the list. He (the voter) belongs to us, provided he's got enough guts on the day," says Mr Austin.

"We didn't expect to be registering in an armed environment. But we either register in an armed environment or we don't register at all."

Mr Ung Huot, Funcinpec's election campaign manager, believes that the Khmer Rouge must be made to comply with the peace accords if they are to succeed. "Otherwise the mission of Untac is a failure," he says, "Otherwise the election doesn't mean anything. Cambodia would be divided into Khmer Rouge and government areas and there will be no peace."

For the likes of Lt Yang Souphat, there is not much peace even today. North of Kompong Thom it is business as usual, and the usual business in Cambodia is war.

Thais halt UN flights from Bangkok

By Victor Mallet in Phnom Penh

THAILAND has cancelled an arrangement for United Nations flights to and from Cambodia, the United Nations Transitional Authority in Cambodia (Untac) said yesterday. The Thai move will inconvenience rather than cripple the $2bn (£1.3bn) operation to bring peace to Cambodia, but it underlines Thailand's extreme reluctance to impose economic sanctions against the Khmer Rouge.

In its latest resolution on Cambodia, the UN Security Council on Monday banned the sale of fuel to the Khmer Rouge, which gets its supplies from across the border in Thailand, because the Khmer Rouge has refused to abide by the Cambodian peace accords signed in Paris last year.

The resolution also endorses a ban on Cambodian timber exports from next year and threatens further measures against the Khmer Rouge.

"We cannot in effect fly any of our aircraft to and from Bangkok," said Mr Eric Falt, the Untac spokesman in Phnom Penh, adding that emergency medical flights would still be allowed free passage by the Thais.

UN officials believe that the Thai armed forces, which have close links with the Khmer Rouge, are behind the move.

The arrangement cancelled by Thailand allowed Untac, which operated about three return flights a week between Bangkok and Phnom Penh for passengers and cargo, to present the Thais with a monthly flight schedule. The December schedule was approved, but subsequently the approval was withdrawn.

Thailand has done nothing to disguise its distaste for sanctions against the Khmer Rouge, an organisation long regarded as a useful buffer against the influence of Vietnam and the Vietnamese-installed government in Phnom Penh.

Bank defends Australian $

By Kevin Brown in Sydney

THE Australian Reserve Bank intervened yesterday to defend the currency after the government announced sluggish growth figures and a sharp rise in net foreign debt in the September quarter. After touching a five-year low of 67.8 US cents, the Australian dollar recovered to 68.25.

Gross domestic product grew only 0.5 per cent in the quarter, confirming that the economy is recovering more slowly than forecast. The government said the figures, combined with revisions to earlier quarters, showed the economy had grown by 2.1 per cent since September 1991, when the recession ended.

Mr John Dawkins, the federal treasurer, said the economy was growing relatively strongly by international standards. He forecast accelerated growth towards the end of the financial year in June.

However, economists said leading indicators suggested that growth would decelerate in the December quarter because of a reduction in stocks and a lower contribution from net exports.

Balance of payments figures issued on Monday showed that Australia's current account deficit is likely to exceed the government's A$15bn target, mainly because exports have continued to grow more slowly than imports.

Net foreign debt grew by 8.6 per cent to A$163bn (£73.7bn) equivalent to 42 per cent of GDP, compared to 36.5 per cent in September 1990. The increase is likely to prompt a review of Australia's debt rating by credit agencies.

However, economists said Australia was unlikely to be downgraded because of an improved ability of the economy to service the debt, as measured by the ratio of interest payments to exports. The ratio fell to 15.4 per cent from 16.5 per cent in June and 19.1 per cent in September 1991.

Part of the increase in the Australian dollar value of the debt is likely to have been caused by a devaluation of the currency by more 13 per cent in trade weighted terms over the past year.

The poor economic figures suggest that the government may fail to achieve its target of 3 per cent GDP growth through the financial year. Growth of less than 3 per cent is unlikely to be sufficient to reduce unemployment significantly from its 11.3 per cent level.

The figures are a blow to the Labor government, which is hoping for evidence of substantial recovery before the federal election, due by June.

Third world development 'at risk'

By David Buchan in Paris

CIVIL WAR and the spread of Aids in many third world countries must be reduced if improvements in economic development are not to be reversed, according to a western government study published yesterday.

"We are very concerned that unless conflicts like that in Somalia are put to rest, [western] governments will have to devote a larger proportion of their official development assistance to emergency needs," Mr Alexander Love, chairman of the 20-country Development Assistance Committee (DAC), said. He welcomed current discussions in the United Nations about the possibility of using military means to get food and medicine into Somalia.

Following the annual meeting in Paris of the 20 donor members of the DAC, Mr Love also expressed worries that recent real increases in western official aid, running at an average 1.7 per cent over the past five years, would tail off under the pressure of domestic budgetary constraints and new needs in eastern Europe.

Aid from Arab countries had declined since the Gulf war, while the ex-Soviet Union had turned from a net aid donor to recipient. Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan have become recipients.

Buthelezi threatens to form new state

By Patti Waldmeir in Ulundi, KwaZulu

CHIEF Mangosuthu Buthelezi, leader of the Inkatha Freedom party, yesterday issued a veiled threat to declare the unilateral independence of the KwaZulu black homeland and the white province of Natal from South Africa.

His move, on the eve of important constitutional negotiations between the African National Congress and the government, appeared aimed at influencing the talks rather than raising an immediate prospect of secession.

The Inkatha leader, who is chief minister of the KwaZulu "homeland", said he would seek to hold a referendum to test the popularity of a new multi-racial state called KwaZulu/Natal, formed by unifying white Natal province and the black homeland. The state would have autonomous powers within a federal South Africa.

He published a draft constitution for the new state, which would include protection for minorities and special representation for "cultural formations", which in many cases would be the same as racial groups.

Chief Buthelezi claimed that the Joint Executive which now administers some aspects of government in KwaZulu and Natal together, would have the authority to call an all-race referendum on the proposed constitution.

"Once ratified by the electorate of KwaZulu/Natal, the new constitution will stand in force, regardless of the direction taken by the constitutional process in South Africa," Chief Buthelezi said, a threat that the new state would in effect secede if its demands for regional powers are not granted.

Though such a constitution would have no legal force under the current South African constitution, popular backing - if it could be achieved, which is far from certain - would put pressure on the ANC to grant strong powers to regions such as KwaZulu/Natal.

So far, the ANC has insisted on only limited devolution of power to regions, while the ruling National party seeks greater regional devolution. Inkatha goes one step further than the National party, demanding full-fledged federation.

Chief Buthelezi's announcement brings to the fore the issue of regional devolution, which is likely to prove the most difficult question in the constitutional talks soon to begin.

Government officials yesterday rejected his plans and indicated Pretoria would bring pressure on Natal authorities to prevent a referendum.

Officials said they did not believe Chief Buthelezi was contemplating secession from South Africa but that he would do so if he could not guarantee strong regional powers through negotiation.

Kenya plans for polls 'favour' Moi

KENYA'S plans for its first multi-party elections since independence in 1963 are "seriously flawed" and may be tilted in favour of President Daniel arap Moi, according to a report issued yesterday by the International Human Rights Law Group, Reuter reports from Washington.

The Washington-based organisation said President Moi's government has shown its willingness to use its powers to influence the outcome of the voting, scheduled for December 29.

President Moi, under pressure from domestic groups and countries providing aid, agreed to the elections last December.

The rights group's fact-finding team, made up of representatives from Britain, Chile and Denmark praised the openness of political discussion, but found a number of problems.

Opposition parties, the report said, had been denied access to government television and radio and had trouble organising campaign rallies.

Some parties were unable to register, the report added, citing the government's refusal to let the Islamic Party of Kenya and the Green Party to take part.

The representatives said that with about a month before the elections, the Electoral Commission, had yet to decide on the number of polling places and the logistics and systems to be used for polling.

Mexico City suffers worst air pollution

By Bronwen Maddox, Environment Correspondent

MEXICO City has the most polluted air of any large city, according to a report published yesterday by the World Health Organisation and the United Nations Environment Programme (Unep). The report, which looks at 20 of the world's "megacities" with populations of about 10m says London, New York and Tokyo have the least air pollution.

The UN estimates that by the year 2010, 47 per cent of the world's population will live in urban areas. "Air pollution is now an almost inescapable part of urban life throughout the world. WHO guidelines are being regularly exceeded" in many cities, it says.

According to the study, which draws on 15 years of research, traffic fumes are the single biggest cause of air pollution in nearly half the cities. The UN expects the the number of vehicles in the world – 630m – will double in the next 20 to 30 years.

The WHO and Unep warn that air pollution directly affects breathing and circulation, and can bring "increased deaths, disease and disability". They add that "some of the 'megacities' have approached the same massive air pollution levels of the notorious London smogs of 40 years ago".

The study looked at six pollutants: sulphur dioxide (SO_2) mainly from industry and power generation; dirt particles in the air from domestic fires, power and industry; lead and carbon monoxide (CO), mainly from vehicles; and nitrogen dioxide and ozone, caused by the combination of heavy traffic and sunshine.

In Mexico City, levels of SO_2, CO, lead, airborne dirt and ozone were more than double WHO recommended levels.

Airborne dirt was also a serious problem in 11 other cities: Bangkok, Beijing, Bombay, Cairo, Calcutta, Delhi, Jakarta, Karachi, Manila, Seoul and Shanghai.

Cairo and Karachi also had particularly high lead levels and Los Angeles, Saô Paulo and Tokyo had serious ozone problems. Although ozone present in the middle regions of the atmosphere protects people and crops from harmful ultraviolet radiation, when present near the ground it can cause breathing problems and headaches.

NEWS IN BRIEF

New governor for Indian central bank

MR C.Rangarajan, a member of the Indian government's planning and finance commission, has been appointed the next governor of the Reserve Bank of India, the central bank. He will take over from Mr S.Venkitaramanan, who reaches retirement on December 22, writes Shiraz Sidhva in New Delhi.

Mr Rangarajan, 60, was deputy governor of the Reserve Bank for 10 years until January 1991. He rejoins amid controversy that the bank failed to exercise regulatory controls on Indian and foreign banks involved in the Rs35bn (£820m) Bombay financial scandal.

The role of the central bank in the scandal is being investigated by a parliamentary committee which questioned Mr Venkitaramanan last week, but failed to establish allegations by MPs that he had been personally involved in the scandal.

Mr Rangarajan, an academic before he joined the bank in 1981, is widely regarded as a monetary expert and has been associated with India's economic reforms.

Former BCCI officials released

Authorities in the United Arab Emirates yesterday released five former officials of the failed Bank of Credit and Commerce International (BCCI) who had been detained since September 1991 on suspicion of fraud, Reuter reports from Abu Dhabi.

The UAE attorney general's office said Babar Saeed Khan, Iqbal Ahmed Rizvi, Qaisar Rida Abed Rida, Mohammed Abdul Mujeeb, and Suhail Alam Kizilbashi, were released due to lack of evidence. The five will not be allowed to leave the UAE. Rizvi and Kizilbashi were Britons and the others Pakistanis.

A total of 13 former BCCI officials remain in custody.

Unita rebels take northern cities

The Angolan government has lost control of two strategic northern cities to Unita rebels and warned the nation it was on the brink of renewed civil war, Reuter reports from Luanda.

State-run radio said Uige, 300km north-east of Luanda, and the nearby city of Negage with its important airbase were both in Unita hands after two days of fighting.

The radio added that while police had driven back Unita forces about 12 miles from the north-western oil town of Soyo the rebels were massing elsewhere in Zaire province for an expected attack on the provincial capital, M'Banza Congo.

Death toll in Palestinian feud hits 25

By Lara Marlowe in Beirut

TWO members of Abu Nidal's extremist Palestinian Fatah Revolutionary Council (FRC) were killed by their own bomb yesterday in the southern Lebanese city of Sidon, bringing to 25 the number of Palestinians killed in a six-month vendetta between Fatah, the military wing of the Palestine Liberation Organisation, and the FRC.

A series of bombings and gangland-style murders, carried out with submachine guns and silenced pistols in marketplaces and cafes and on the sea-front promenade, have terrorised the residents of Sidon. Abu Nidal has demanded that the PLO release 62 FRC members it is holding in Sidon.

The 19 year-old conflict between the two groups has been exacerbated by the Middle East peace talks.

The FRC accuses the PLO of betraying Palestinians by accepting the talks should take place. PLO officials in Lebanon claim the Abu Nidal group seeks to ruin Lebanese-Palestinian relations and force Lebanese authorities to disarm the refugee camps. The Lebanese army surrounded the camps in July 1991 and seized heavy weapons, but allowed guerrillas inside the camps to keep their guns.

Walid Abu Tarboush and Hassan Dib, the two men who died yesterday, were planting a bomb near a PLO office in the Ein el Hilweh refugee camp when the device exploded.

The feud began on June 8 when Mr Atef Bseiso, head of security for the PLO, was gunned down in Paris. The assassination campaign moved to Sidon with the murder of Fatah's Ein el Helweh commander. Fatah then went on the offensive, assassinating three FRC members in July, including Mr Walid Khaled, the group's leader in Lebanon.

● Israeli security forces shot dead a 12-year-old boy and wounded 30 people during clashes with Palestinians yesterday in the occupied Gaza Strip, Reuter reports from Gaza. Arabs said the violence began when troops charged into a wake for a Palestinian stone-thrower killed last week.

Fundamentalists to exert big influence in new parliament, writes James Whittington

Jordan's fledgling democracy takes wing

JORDAN's 80-member lower house of parliament reconvened yesterday, effectively marking the start of a four-month campaign for next year's multi-party general elections, the first since 1956.

The parliament was elected three years ago in the first poll since 1967 but candidates were not allowed to organise themselves into political parties.

Now, with a question mark hanging over the health of King Hussein, who says he is committed to democracy, the power struggle between government and parliament, and factions within the house, is expected to be intense, with parliamentarians determined to achieve a real share of power.

Some of the more contentious issues likely to be debated are the Middle East peace process, a law banning alcohol, and amendments to the controversial state security court law, used while parliament was in recess to try two MPs for treason.

Moreover, with the recent legalisation of political parties, the session will provide the last chance for MPs to forge a cohesive opposition to Moslem fundamentalists who form the house's largest bloc, of 30 seats, and have made significant gains in local council elections.

King Hussein of Jordan: Question mark over his health as government and parliament square up

For most MPs, yesterday's inauguration ceremony and king's speech could not have come soon enough. The extraordinary security court trial of two deputies accused of plotting to overthrow the king with the intent of creating an Islamic state, remains firmly fixed in their minds. The case was seen by many as an attempt by certain circles in government to clip the wings of Jordan's democracy, and many MPs privately consider the case against the two MPs to have been contrived.

Although King Hussein succeeded in diffusing tension between parliament and government by granting an amnesty to the two MPs, whom the court found guilty and sentenced to 20 years' hard labour, the effect of the trial on on MPs will be the most closely-watched test of the next session.

One of the two accused, Mr Leith Shbeilat, who was more vocal than most MPs in his pursuit of government corruption and democratic change before the trial, almost decided to abandon his political career.

Potentially, the most damaging issue for the government will be a debate on the peace process. With nearly half the house, fundamentalists and leftist groups, fervently against the talks, many believe that a motion of no confidence in the cabinet is inevitable.

Parliament cannot prevent the government from conducting the negotiations, but such a motion would be destabilising, especially as the king has committed himself to the talks.

The crunch, however, would come if an agreement with Israel were to materialise, since this would need parliament's endorsement.

According to one Moslem MP, parliament would reject a peace accord.

Another stormy issue, already scheduled for debate, is a draft law proposed by the fundamentalist Moslem Brotherhood to prohibit the sale and consumption of alcohol. As one parliamentarian said: "The Islamicists know that just as it is difficult for any MP to vote for peace as Arabs, they are unable to vote for alcohol as Moslems. They would never be re-elected."

The strength of the fundamentalist bloc in parliament and the wave of fundamentalism which is influencing local as well as national centres of power through the ballot box is causing growing concern to the government.

Islamic groups are the most organised and active popular political forces in Jordan, and their opponents fear that they will benefit substantially in next year's election from the shifting alliances and factionalism which characterises other groups.

For this reason, and given the ripples felt within Jordan's government from this year's aborted Algerian election, some government sources consider that the election, due in November, may be postponed to allow infant political parties more time to organise – a move which lies within the powers of the King.

Chiefs fail to settle Western Sahara poll

By Edward Mortimer
In London

UN efforts to hold a referendum on the future of the Western Sahara suffered a further setback in Geneva yesterday when the UN special envoy, Mr Sahabzada Yaqub Khan, failed for the second day running to convene a meeting of tribal chiefs from the territory.

The meeting, scheduled to start on Monday, was intended to define criteria for deciding who is entitled to vote on the future of the sparsely-inhabited territory. A former Spanish colony, valued mainly for its fisheries and phosphate deposits, it was annexed by Morocco on Spain's withdrawal in 1976. The Algerian-backed Polisario Liberation Front contested the annexation, and fought a desultory guerrilla war against the Moroccans until a UN-brokered ceasefire came into effect in September 1991.

Under the UN peace plan, this should have led to a referendum in January this year, with an electoral roll based on the Spanish census of 1974, which showed a population of only 73,500. But after accepting the plan, Morocco produced a list of a further 120,000 people who it said were entitled to vote, claiming they were left out of the census because they or their families had fled from Spanish colonial rule to Morocco proper, and that this should not prejudice their right to a say in the territory's future.

In December last year Mr Javier Perez de Cuellar, the outgoing UN Secretary General, accepted the argument that "people who fled colonial rule cannot be deprived of the right to decide on the future of the territory to which they belong", and said this applied also to the children of such people. But, he added, "in order not to widen excessively the scope of this provision, it has been restricted to one generation only".

Morocco agreed to co-operate on this basis, dropping its insistence on the full list of 120,000. But the Polisario rejected the instructions, saying Morocco would use them as a pretext to import voters who had no real connection with the territory.

The idea behind the Geneva meeting, to be attended by 19 chiefs from each side, was that, since Saharan society is essentially nomadic and tribal, tribal chiefs were best placed to know who belonged in Western Sahara and who did not. But at the last minute Polisario objected to seven of the chiefs nominated by Morocco, on the grounds that their names did not figure on a list given to both parties by Mr Pérez de Cuéllar in 1990.

The Polisario leader and president of the self-proclaimed Saharan Arab Democratic Republic (SADR) Mr Mohammed Abdelaziz, admitted during a visit to London last week that he himself does not figure in the Spanish census (he was born in the Moroccan city of Marrakesh), but insisted that a blanket inclusion of anyone whose parents had ever lived in the Western Sahara would be too wide.

Politically, neither side can contemplate losing the referendum, which means neither is likely to let it happen except in circumstances where they feel confident of victory. The United Nations observers in the desert have taken on a thankless task.

Two foreign correspondents suspended by Israelis

By Hugh Carnegy in Jerusalem

ISRAEL yesterday suspended official accreditation of two foreign correspondents – one American and one British – for publishing stories which the authorities said should first have been submitted to the military censor for approval.

It was the first such action in four years and underlines contradictions in the censorship system Israel maintains for foreign and local journalists. In theory, almost all stories on military and Arab-Israel affairs have to be submitted prior to publication. But the censor rarely objects to non-compliance except where an issue of special sensitivity arisesleaving the onus on the journalist.

Yesterday's case arose from an incident last month when five Israeli soldiers were killed in an accident during a training exercise. It spiralled into a local scandal when it was revealed Lt Gen Ehud Barak, the Chief of Staff, was present when the accident occurred.

The military censor was accused by Israeli newspapers of co-operating in a cover-up of serious army misconduct by initially barring publication of these details. Foreign newspapers began reporting on the incident, including an assertion by the Miami Herald that the training exercise was a practice run for the planned assassination of the leader of Lebanon's Hizbollah Islamic fundamentalist movement.

Ms Carol Rosenburg, the Herald's correspondent, had her accreditation withdrawn indefinitely, along with Mr Ian Black of the Guardian newspaper of London.

CADBURY COMMITTEE

Tougher code for companies in final report

By Andrew Jack

BRITISH quoted companies will next year be required by the Stock Exchange to show whether they comply with a code of corporate governance, the final report of the Cadbury committee stated yesterday.

The committee on the financial aspects of corporate governance, chaired by Sir Adrian Cadbury, will also require a company's auditors to scrutinise for accuracy many of the details in the statement of compliance.

The code says some non-executives should be independent of management, appointed for specified terms and selected through a formal process.

Directors' service contracts should not exceed three years' without shareholder approval and all their emoluments should be clearly disclosed. Their pay should be subject to review by a remuneration committee dominated by non-executives. The board should have an audit committee, report on the effectiveness of internal controls and state whether the business is a going concern.

Sir Adrian said: "Boards must be free to drive their companies forward, but to exercise that freedom within a framework of effective accountability." He said the code was based on two planks – the need for disclosure so all those with an interest in a company had the information needed to exercise their rights and responsibilities; and for checks and balances to guard against undue concentrations of power in the boardroom.

Institutional investors are expected to apply pressure to bring about reform. "We are relying on market forces to turn our recommendations into action," Sir Adrian said.

The Cadbury report updates a draft issued by the committee last May, and has been amended following public debate and submissions from 225 organisations and individuals. The committee has strengthened the tone of the document and clarified its view that non-executive directors should work as part of a unitary board with the executives.

The Stock Exchange's continuing listing obligations rules will require companies to provide a statement showing they complied with the code – or highlighting areas and reasons where they do not – in their annual reports from June 30 next year.

The recommendations were generally welcomed by the City. Coopers & Lybrand estimated the additional costs would add 10 per cent or more to the annual audit fee of most companies.The Chartered Association of Certified Accountants, said: "We give a cautious welcome to the report but still believe its main flaw is the lack of any effective means to ensure compliance."

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Sir Adrian Cadbury: relying on market forces

Net cost of Gulf war may exceed £1.4bn

By David White, Defence Correspondent

THE NET cost to Britain of the Gulf war early last year is expected to exceed £1.4bn in spite of more than £2bn of financial assistance from other countries.

A report by the National Audit Office, parliament's public spending watchdog, includes in the cost estimate a total of up to £850m that the Export Credits Guarantee Department may have to pay on insurance claims connected with events in the Gulf in 1990-91.

It puts the net military cost at a minimum of £615m, although at one stage it seemed that the Ministry of Defence might actually register a profit from the Gulf war campaign.

The total military cost of Britain's participation in the campaign is put at £2.64bn. This includes a bill of £529m for replenishing stocks after the war, and £200m worth of aircraft and munitions that the MoD has decided not to replace.

It also includes an estimated £336m worth of savings which the Ministry of Defence lost by having to defer cutback measures under its Options for Change programme.

Against these costs, a total of £2.15bn has been received in cash contributions from allies.

The principal contributions were from Kuwait, Saudi Arabia, the United Arab Emirates, Germany and Japan.

Almost £1bn was spent on procurement for the campaign, including special armament purchases and repairs and modifications to equipment.

Transport of personnel and supplies alone cost £270m, and the forces ran up a £24m telecommunications bill.

Nineteen of the 1,200 civilian vehicles leased or hired during Operation Granby have still not been traced, according to the report.

The National Audit Office says final costs are still "subject to uncertainties". The NAO goes on to complain that the Ministry of Defence's accounting and forecasting systems did not always readily provide the necessary information.

Ministry of Defence: The Costs and Receipts Arising from the Gulf Conflict, report by the Comptroller and Auditor General, HMSO £5.95.

Tax appeals will cause fresh chaos says Labour

By Alison Smith and Andrew Adonis

INDEPENDENT property valuations to form the basis of appeals against council tax bandings are likely to cost many householders more than they would gain next year from a successful challenge, it emerged yesterday.

The council tax, which is largely based on property valuation, is to replace the controversial poll tax, based on a per capita flat-rate. The tax raises revenue for spending on local services.

The structure of the new tax, which limits the range of bills set by any council, means that in the short-term for many people it will not be worth incurring the costs of an appeal. The individual bandings have just become available to local authorities.

The prospect of independent valuations was raised yesterday by Mr Michael Howard, the environment secretary, who said that people were "perfectly entitled" to get a valuation done on which to base an appeal.

Organisations of professional valuers expect a wave of valuation work, once people have had a chance to see how their homes had been placed in the eight property bands on which the tax is based.

Estimates of costs ranged from about £50 for an initial check, to around £150 for a more detailed assessment. The Royal Institution of Chartered Surveyors said that for the few cases which went as far as representation at a formal valuation tribunal hearing, the bill could be "several hundreds of pounds".

Both the Institution and the Incorporated Society of Valuers and Auctioneers advised people to "shop around".

No appeal against the valuations can be made until April, and most councils said there was no immediate stampede from people to find out their banding.

Mrs Margaret Beckett, the opposition Labour Party's deputy leader, predicted that the "chaos and injustice of the poll tax is likely to be surpassed by the chaos and injustice of the council tax."

Eurotunnel may sue over traffic

By Richard Tomkins, Transport Correspondent

SIR ALASTAIR MORETON, chief executive of Eurotunnel, yesterday warned that his company would consider suing the government if railway privatisation cut the amount of rail traffic expected to use the Channel tunnel.

Sir Alastair said he feared that the privatisation plans in their present form were in danger of driving railfreight on to the roads and cutting the investment needed to build new lines.

The result was likely to be less railfreight going through the Channel tunnel and insufficient capacity for increases in the number of Channel tunnel expresses, so cutting Eurotunnel's revenues.

Sir Alastair was speaking in advance of today's meeting of the Commons transport committee where he is due to appear as a witness on railway privatisation.

He said Eurotunnel would hold the government liable if its revenues were hit by changes in the conditions under which the Channel tunnel concession agreement was drawn up in 1986.

Since railway privatisation was not on the government's agenda in 1986, this constituted a change in conditions – and Sir Alastair said he was convinced the effects would be adverse.

Although British Rail and SNCF, the French national railway, have undertaken to buy 50 per cent of the Channel tunnel's capacity, part of the fees Eurotunnel receives will depend on traffic through the tunnel.

Sir Alastair said BR's plans to create Railtrack as a track-owning body and introduce track charges for freight and passenger trains would price most freight traffic off the rails and on to the roads.

Britain in brief

Plan to make EC more user-friendly

Officials in European Community countries will be told to make the single market more user-friendly by the European Council in Edinburgh next month.

They will be expected to keep in touch with one another to ensure the single European market works. The move will lead to a sharp increase in contact between officials of member states in efforts to resolve problems before they need to be raised more formally through embassies or in EC committees.

In particular, the aim is to sort out most of the problems reported by businesses that arise from misunderstandings rather than breaches of EC law.

Maxwell case

Mr Kevin Maxwell, Mr Ian Maxwell and Mr Larry Trachtenberg, all charged with fraud in connection with the collapse of Mr Robert Maxwell's business empire, appeared at City of London magistrates court yesterday to be remanded on bail until April 1 next year. Mr Robert Bunn, former finance director of Maxwell Communications Corporation who is also charged with conspiracy to defraud was not in court but was remanded to the same date.

Threat from pension fund

The UK's second biggest pension fund, the Electricity Supply Pension Scheme, has threatened to resign from the National Association of Pension Funds.

The fund disapproves of the association's support for a compulsory compensation scheme for occupational pension funds. In a letter to the association, Mr Mike Cannan, chief executive of the electricity scheme, said: "There is widespread dismay that the NAPF would appear to have problems in identifying whose interests it should be representing."

Wedgwood jobs

Wedgwood, the fine china maker, is to shed 160 jobs and warned that another 250 were likely to follow. The group is to close the Johnson Brothers' Hanley Pottery in Stoke-on-Trent, in the Midlands, which employs 300 people – of whom 140 are expected to be redeployed within the group.

Dock workers to strike

More than half of the 600 dock workers at the Port of Sheerness, on the Thames, the country's largest car and fruit port, have voted to strike over a new contract of employment which will reduce their earnings by up to 10 per cent.

The new contracts are designed to preserve jobs at the expense of the pay cuts. Worst affected will be 200 former registered dock workers who will lose up to £2,500 a year on salaries of more than £20,000 a year.

Boat reprieve

The administrators of London's Canary Wharf development have given RiverBus, the loss-making Thames service, another stay of execution. The reprieve will allow Canary Wharf's bankers to decide whether to underwrite the service.

National Power buys gas stake

National Power, one of the UK's two electricity generators, bought its first stake in a North Sea gas field for £20m. It purchased a 10 per cent share of the Victor gas field from a subsidiary of Mobil, the US oil company. The field, which has been in production since 1984, is estimated to contain 450bn cubic feet of gas which are under long-term contract to British Gas.

Forecasts 'doomed'

Efforts by economic forecasters to predict the future with any level of accuracy were doomed to failure and should be abandoned, Professor Charles Goodhart, a former Bank of England adviser, said yesterday. Prof Goodhart, an economist at the London School of Economics, told a forecasting conference in London that rather than try to predict factors such as growth in a quantitative sense, forecasters should concentrate on sketching out broad trends.

Interest rate cut urged

Interest rates need to be cut by another percentage point to stimulate recovery in Britain's recession-hit construction industry and prevent further job losses, the government was warned last night.

Sir Brian Hill, president of the Building Employers Confederation, the industry's biggest trade association, said: "The construction industry faces a long haul before output reaches a level where the rise in unemployment will first be checked, and then reversed."

Lottery appeal

Executives of the National Lottery Promotion Company have appealed to Mr Peter Brooke, National Heritage Secretary to keep taxation of the planned National Lottery low.

The non-profit making company, which says it wants to maximise the amount raised by the lottery for good causes, believes experience from other countries shows the most successful lotteries are subject to little or no direct taxation. The government has ruled out the 37.5 per cent tax paid by football pools operators, but the Treasury is believed to be considering a tax of less than 20 per cent.

Net cost of Gulf war may exceed £1.4bn

By David White, Defence Correspondent

THE NET cost to Britain of the Gulf war early last year is expected to exceed £1.4bn in spite of more than £2bn of financial assistance from other countries.

A report by the National Audit Office, parliament's public spending watchdog, includes in the cost estimate a total of up to £50m that the Export Credits Guarantee Department may have to pay on insurance claims connected with events in the Gulf in 1990-91.

It puts the net military cost at a minimum of ...

Interest rate cut urged

Lottery appeal

Quarter of water supply lost by leaking pipes

By Bronwen Maddox, Environment Correspondent

NEARLY a quarter of water leaks away before it gets to the customer, according to a report yesterday by Ofwat, the water industry regulator.

The loss of 22 per cent of water carried in mains and pipes – over 3.8 million litres a day or 48,000 baths – may add to water bills, the report warns. It puts the average cost of water at 50 pence per 1,000 litres - equivalent to four pence for a bath.

The figures come after months of warnings from the water industry that the high costs of treating and supplying water could cause water bills to double on top of the rate of inflation by 2005. Some southern companies are also insisting on fitting meters to houses to encourage customers to use less water, despite the recent torrential rain and the industry's comments that the long southern drought had finally ended.

Mr Ian Byatt, Ofwat's director general, said yesterday: "My aim is to ensure that customers get the best possible service at the lowest possible price". He added that he would "be looking very closely" at a company's costs and leakage rates in 1994 when he will set the formula for price rises in the second half of the decade.

Ofwat's report, compiled from the annual returns in July of the 33 water companies of England and Wales, shows for the first time that costs vary widely.

The report says a wide range should be expected as those companies responsible for sewerage and beaches are bearing a large share of the industry's capital spending. But Mr Byatt added : "Those companies with high unit costs will need to convince me that their costs are justified".

However, Ofwat says that some leaks are inevitable and it is not always worth the expense to find and plug them. The lowest rate of leakage was 6 per cent in Bristol Water and in Bournemouth and West Hants, both regions where the costs of treating water are high. The highest was about 36 per cent in North West.

The Water Services Association and the Water Companies' Association – which represent the 10 large water and sewerage companies and the 23 water supply companies in England and Wales – said "low costs do not necessarily signify the most efficient company". They added that companies were already spending large sums of money in fighting leakages and that figures on leaks were not precise.

BMW unveils first UK plant for recycling

By John Griffiths

New car plant claims to be most advanced facility for dismantling

BMW and a vehicle salvage company specialising in German executive cars yesterday jointly opened the UK's first dedicated car dismantling and recycling plant.

Although relatively small – maximum capacity is 2,500 cars a year – it is claimed by BMW to be the most advanced in the world. It is seen by the Munich-based manufacturer as a potential model for the car and materials reclamation industries, as a whole, to undertake systematic recycling of the 14m cars of all types scrapped annually throughout Europe.

The Bolney, West Sussex, plant is intended to be the first of a network of around 15 BMW intends to develop in the UK with a number of partners, and which before the end of the decade should be processing most of the 16,000 BMWs scrapped in the UK annually. A second plant is to open next year and five in 1994.

It is the most sophisticated to date of around 15 such facilities already set up by BMW in Germany, the US, Austria, Switzerland and France.

But it is opening at a time when the problems faced by European legislators and vehicle makers in seeking a harmonised approach to vehicle recycling are becoming increasingly apparent.

So far Rover Group is the only UK-based vehicle manufacturer to have announced a full recycling research programme in Britain. It is co-operating with Bird Group, one of Europe's largest materials reclamation and recycling concerns, on dismantling and recycling trials at specially adapted facilities at Bird's headquarters near Stratford-upon-Avon.

But, like Fiat of Italy, it has concluded that efficient dis-assembly plants will need to be much larger than the BMW-style ones and, also unlike BMW's, be capable of dismantling all makes of vehicle if satisfactory economies of scale are to be achieved.

Volkswagen, Mercedes , Fiat and some other European manufacturers have also set up, or are preparing, recycling ventures on the Continent in the expectation that by 1995 EC-wide legislation governing the scrappage and recycling of all cars will be on Brussels' statute book.

But in disclosing its expansion plans this week Fiat stressed its unease at what it sees as the haphazard manner in which vehicle recycling is advancing in the absence of a clear lead from Brussels.

But BMW and Bolney Motors, BMW's partner in the Sussex venture, it and subsequent facilities as offering, for the vehicle makers, a practical means of tackling the increasingly severe environmental problem of vehicle disposal.

For parts and materials reclamation partners like Bolney Motors it is seen as a significant commercial opportunity. This is because, like Germany's, EC legislation is expected to require disposal certificates for every car produced, to ensure that they have ended their lives only at an authorised centre.

The Bolney plant will also help take the industry closer to its target of being able to recycle nearly 100 per cent of each car, unlike the average of around 75 per cent now and the 82 per cent BMW claims for its latest 3-Series, largely as a result of greater use of easily recyclable plastics.

Cars arriving for disposal are hoist aloft in a purpose-built bay where fluids are drained and the battery removed. Then they are dismantled. Parts and materials which cannot be sold through Bolney Motors' normal used parts sales channels are sent to specialised companies for recycling. Since last year, BMW (GB) has itself been sending used or damaged plastic bumpers and catalytic convertors back to Germany for recycling.

Following traditional trading patterns, many engines and transmissions are re-manufactured for re-supply through BMW's own dealer service networks. The stripped bodyshell itself is cut up for delivery to a shredder facility prior to recycling.

The dismantling process takes between two and seven hours, representing a £40 to £140 cost in time alone. The average is about £75 and when transport and investment costs are added, BMW is assuming an average disposal cost per car of £175.

While EC legislation is expected to place the onus on manufacturers to ensure effective disposal the industry is arguing that owners should share in the responsibility because the worst-kept cars could have a negative value. That could lead to a car's final owner paying for disposal.

Several European carmakers are examining ways of recycling cars on a large scale in order to meet the 1995 deadline

US groups in Ulster face opposition to pro-Catholic code

The government is preparing for a clash over hiring principles, writes Ralph Atkins

THE Northern Ireland Office is preparing for fresh confrontations next year with US lobbyists trying to force companies with operations in the province to introduce overtly pro-Catholic hiring policies.

The government fears Mr Bill Clinton's presidential election victory, and a move in New York state to insist on the measures as part of government contracts, may hamper its attempts to stop the so-called "MacBride principles" becoming widespread.

During the US elections, Mr Clinton indicated he may support the principles, which are named after Sean MacBride, a former Irish ambassador to the United Nations, and were developed in the US during the 1980s.

The principles require companies to protect all workers travelling to and from work and call for the employment of under-represented religious groups to be increased.

Ministers believe Northern Ireland will be far down the new US president's agenda but the Irish National Caucus in Washington, which lobbies to have the principles implemented, is stepping up its campaign this week, urging all its supporters to press Mr Clinton to keep his campaign promises.

The Northern Ireland Office belives ministers and officials in London and the British Embassy in Washington can be geared up to tackle an anticipated surge in states looking at the principles next year. The Northern Ireland Office also pays for businessmen to travel to the US to help in its campaign. "We think it may be more difficult," said one official.

The Northern Ireland Office says fair employment legislation already in operation in the province is sufficiently strong and that the MacBride principles are impractical and imply positive discrimination and quotas.

Ministers argue also that the principles will cost jobs. The only political party to support them in Northern Ireland is Simn Fein,the political wing of the IRA. However, Fr Sean McManus, president of the Irish National Caucus, says: "Here are the very people who have stopped people getting a job in an equitable fashion saying that the most effective campaign against anti-Catholic discrimination will stop jobs. It is ridiculous."

The MacBride principles have been adopted in varying degrees in 13 US states, with legislation requiring, for instance, public sector pension funds to monitor employment practices of companies they invest in, to put down shareholder resolutions, or to divest unacceptable companies.

The Northern Ireland Office believes that although the spread of the principles across the US has slowed, at least one company has left the province and others have abandoned plans to invest there. US companies account for about a quarter of employees in Northern Ireland who work for companies owned outside the province.

Supporters of the principles argue their adoption has brought international pressure on to/the UK government. "More change has taken place in Northern Ireland because of external pressure than from 20 years of non-violent internal campaigning," said Mrs Inez McCormack, regional organiser for the NUPE union in Belfast.

But Mr Nigel Smyth, Northern Ireland Director of the Confederation of British Industry, described the existing fair employment laws as "extremely wide ranging and powerful. We are seriously concerned that American companies are actually put off coming into Northern Ireland because they are threatened by the MacBride principles".

MANAGEMENT

When head office goes native

Christopher Lorenz looks at the experience of a group of Monsanto "spear-carriers" in moving from the US to Europe

There could be no clearer evidence of the pain involved in uprooting organisational structures, procedures and attitudes than this year's 4,500-mile move by the headquarters of Monsanto Resins. Yet multinationals must take similar steps if they are to become better at managing their various global businesses in a flexible way that best suits the market and technological characteristics of each business.

Bill Slowikowski, boss of the resins division, calls the move a "trial by fire" mainly because of his role as a spear-carrier for the sort of global management and information systems – as well as attitudes – that the rest of Monsanto's chemical businesses will need in the future. If he had not been so keen to play this role, the task might well have fallen to his counterpart in either the plastics or rubber chemicals divisions, both of which are nearly as international as resins.

An immediate aspect of "trial" was the shock experienced within the US side of resins, and elsewhere at St Louis, when the Brussels move was announced. "It caused tremendous anxiety," says Gustaaf Francx, general manager of Monsanto Chemicals for Europe-Africa, whose responsibilities included the European side of resins until Slowikowski's arrival in January.

The US resins organisation "had always felt close to the powerhouse – they were dominated by it – but all of a sudden the powerhouse was moving away from them," says Francx. He sees this as a painful but real benefit for the people involved in terms of the extra delegation to them. "Now we finally have a US organisation that has to learn to stand on its own feet, without being watched over constantly by senior management," he says.

Surprisingly, perhaps, the least troublesome aspect of the move has been face-to-face communication. Slowikowski will have travelled to the US only seven or eight times by the end of 1992. This is not so much to see his boss, the head of the whole chemicals group, as because he still has half his team there.

The director of the Saflex business (a Briton) is located in Brussels, along with the director of one of the two smaller resins businesses, and the functional heads of manufacturing, planning, control and information systems. But the

FOR THE last 11 months Bill Slowikowski has been submitting himself and his colleagues to what he calls "trial by fire".

The 49-year-old American has been running the second largest chemical division of Monsanto from Brussels, in the heart of the European Community, instead of from its long-standing base at the group's St Louis headquarters, deep in the US Midwest.

Slowikowski's move, along with half his 13-strong team at the head of Monsanto's $700m (£460m) resins division, puts the group in the same league of pioneers as IBM, Unilever, Siemens and ABB.

Since the late 1980s each has moved the head office of at least one global division out of the parent company's home country, either to be closer to a key foreign market, or to foster international thinking and staffing. A step of this kind would have been heresy just a decade ago, so strong was the traditional assumption that the "brains" of all a multinational's businesses should be based "at home".

Like most of these other moves, Monsanto's was both obvious and overdue. The resins division's largest business by far is the vinyl which goes into laminated vehicle windscreens and some architectural glass; using the brand name Saflex, Monsanto is twice as large as its closest rival.

Only 40 per cent of Saflex sales are made in the Americas, against 50 per cent in Europe and 10 per cent in Asia – both of which are expanding faster than the US.

Not only that, but the vast proportion of the division's customers are global glassmakers – St Gobain, Pilkington, PPG, Asahi and others – most of which are headquartered outside the US. Thanks to the German car and building industries, and the Japanese, many of the most innovative customers are also outside the US.

Yet until the Brussels move, which took effect in January, Slowikowski says: "Quite frankly we had an organisational set-up that forced us to focus primarily on North America" – at the expense of product and market opportunities elsewhere. "Supposedly, we watched around the world. But we didn't really look at it properly."

"We're having a hell of a time going global," confirms Martin Kallen, a Dutchman who chairs Monsanto Europe but knows St Louis well. "The mindset in the US and the company's structure suggest that we put a fair amount of obstacles in our way. Being in the Midwest is a limited view location."

In resins, that has now changed. "In the last few months the time spent strategy-making for north America has shrunk by a factor of probably 10," says Slowikowski. The senior manager below him is no longer a man who – in an arrangement typical for Monsanto and other US multinationals – carried the title of "worldwide business manager", but had direct control over only North America.

Instead Slowikowski has created a more balanced international structure in which north America has been given the same regional status as Europe and Asia.

With a largely new management team, nearly half of whom are non-Americans, Slowikowski says he is now 60 per cent of the way towards creating what he calls "a global mindset" in resins. The attitude he is trying to foster is that the division's HQ "might just as well be on a barge somewhere - globalisation is a state of mind".

In order to optimise production continually on a worldwide basis, processes will have to be redesigned and integrated between the various plants in Europe, the US, Brazil and Asia

director of the other small resins business – which is purely American – is still in St Louis, as are the heads of human resources and technology. The latter is a Briton based near Boston, where most resins research and development is done – both Francx and Martin Kallen, head of Monsanto Europe, see the location of most Monsanto R&D in the US as a very sore point.

Communications between these people, and between their subordinates, have been eased considerably since the Gulf War by the introduction of extensive in-house video conferencing across the US, Europe and Asia. This has limited the need for long flights to meetings, although Slowikowski remarks that "if you can't handle jet lag, this is no organisation to be in".

A different aspect of communication has been a real trial, however: the litany of technical computer problems which have beset Slowikowski and co. "The St Louis people said you could get the same data in Brussels as in the US, but it wasn't true," he says ruefully. All sorts of incompatibilities had crept unnoticed into the division's systems on the two sides of the Atlantic.

These resulted, for instance, in total chaos when, in order to do an initial quarterly forecast before Brussels had been set up to do it, the new HQ tried early this year to down-load its files into St Louis. "There was data all over the place," recalls Slowikowski. Other such problems, including altering St Louis computer maintenance times to suit Brussels working hours, took six months to sort out.

Worse difficulties have been encountered in trying to start the worldwide consolidation and control of orders, production flows and inventory. "We're looking at major systems changes," says Slowikowski. "They wouldn't have been done from the US."

But these technical changes are minor compared with the challenge of changing people's attitudes and ways of working, from what Slowikowski calls "vertical to horizontal". In the past, everyone in the division identified their interests with their region, discipline, and department, and took decisions accordingly – whether about work on research projects, new product development, production, pricing or anything else. Decisions and actions which needed co-ordination had to be referred up each of these "silos", as Slowikowski calls them, and then transferred across to the next silo at senior level, before being referred downwards again.

Now Slowikowski and his lieutenants are "breaking down the silos to work as a worldwide team", as he puts it. This involves getting people at all levels to manage horizontally, across disciplines and regions. That, in turn, requires each management procedure and system to be re-thought or, in today's fashionable jargon, "re-engineered". This process is being aided by a review already under way across all the Monsanto chemicals divisions.

Working as a global team also requires retraining and motivation programmes, so that people at all levels understand their new roles and how they are now supposed to relate to each other. Resins is making extensive use of teamwork psychologists to help train its people, and influence their real readiness to work in the new style, rather than just their expressed acceptance. One technique is to use "sensitivity training" to get people to understand their own prejudices.

In R&D, for example, Slowikowski says: "People are 'coming over' one at a time, and starting to think completely differently" about working in flexible, inter-disciplinary project teams. "It's really exciting, but it takes a hell of a time."

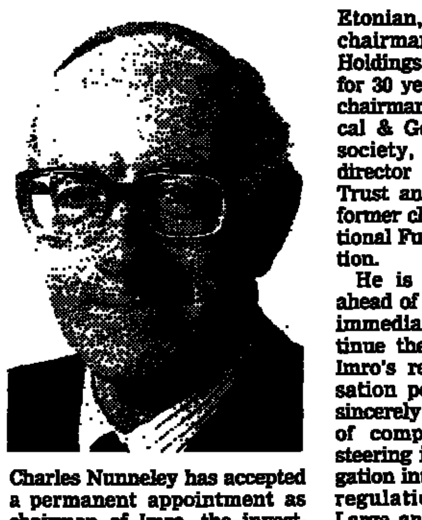
A key example of the need for new systems and attitudes is in manufacturing, where global co-ordination is seen as increasingly vital. In order to optimise production continually on a worldwide basis, processes for product categorisation and labelling, capacity planning, working capital and production loading will have to be redesigned and integrated between the various plants in Europe, the US, Brazil and Asia. "Instead of making 2,000 product categories in each plant, why not source 1,000 each from two plants worldwide?" asks Slowikowski.

As with information technology, unexpected problems can arise. "We have not supplied sheet resin successfully across regions in the past," says Slowikowski. He cites one case where an order was switched from one factory to another and a boat load dispatched, only to find that one plant had changed its product specification slightly without telling the rest of the organisation. The replacement load was therefore unsuitable for the customer. "Our people are going through a lot of things which we need to co-ordinate on a worldwide basis," says Slowikowski.

The resins boss, who clearly thrives on working abroad, emphasises repeatedly that the human side of going global is at least as important as redesigned systems and procedures. "Trial by fire" is, after all, more of a human than a technical experience.

PEOPLE

Imro after Maxwell



Charles Nunneley has accepted a permanent appointment as chairman of Imro, the investment managers' regulator, after working as acting chairman since George Nissen's resignation in June.

Nunneley now has the delicate task of steering Imro through the remaining after-effects of the Maxwell scandal, which led to Nissen's resignation.

He should certainly command sufficient respect within the industry to do so. An old Etonian, Nunneley is deputy chairman of Robert Fleming Holdings, where he has worked for 30 years. He is also deputy chairman of the Clerical Medical & General life assurance society, as well as being a director of Monks Investment Trust and Macmillan. He is a former chairman of the Institutional Fund Managers' Association.

He is clear about the job ahead of him: "The chairman's immediate tasks are to continue the process of restoring Imro's reputation and organisation post-Maxwell, which I sincerely hope is in the process of completion now, and of steering it through the investigation into the whole system of regulation which Andrew Large and others are conducting."

He added: "Maxwell exposed in a cruel way the sort of weaknesses you might expect in any system which was developing. I think, before Maxwell, Imro was in many ways a very effective regulator. The process of examining our navel has been extremely useful and it's allowed us to do in six months what might otherwise have taken 18."

Cox quits Stock Exchange

Lynton Jones, the new chief executive of OM London, part of the Swedish futures and options exchange group, has persuaded an old friend from stock exchange days, Peter Cox (right), to join him as director of business development.

Cox, 45, has been at the London Stock Exchange for a total of 16 years, and is best known as the founder of SEAQ International and, more recently, for masterminding the introduction of on-line trade confirmation service SEQUAL.

He had been head of business development for the past year, a post he says will not be directly filled, but he is unwilling to discuss his reasons for leaving. The Exchange adds that it expects to make an announcement in the next fortnight concerning the reorganisation of the market development area. "While there had been a natural break after the SEQUAL project, we tried very hard to make sure there was a role for him elsewhere in the exchange" a spokeswoman said, who acknowledged his departure was a big loss.

Jones, who was at the London Stock Exchange himself between 1983-1987, and who has been brought in to extend the range of products and exchange linkages at OM London, says he worked alongside Cox on the strategic plan for Big Bang. Later, when Jones was running the London outpost of Nasdaq, the two were again in frequent contact.

"Peter is an ideal choice; the only thing he doesn't have is direct experience of derivatives" says Jones, who adds he is also looking for a marketing director "who will not come from the Stock Exchange".

Bodies Politic

■ **Matthew Parris** has been appointed a member of the BROADCASTING STANDARDS COUNCIL.

■ **Tim Roberton**, a partner in Richard Ellis' City business division, has been installed as the 14th Master of the Worshipful Company of Chartered Surveyors.

■ **Tom Martin**, technical manager at Allied Breweries, a member of the Brewers' Society Technical Committee, and UK industry representative on the technical committee of the Confédération des Brasseurs du Marché Commune, has been appointed a member of the FOOD ADVISORY COMMITTEE.

■ **Gerald Burton**, formerly national senior partner of Kidsons Impey, has been appointed the first chief executive of the WOMEN'S ROYAL VOLUNTARY SERVICE.

■ **Luke Egan**, co-director of The Redditch Partitions & Storage Co, is president elect of the STORAGE & HANDLING EQUIPMENT DISTRIBUTORS' ASSOCIATION.

Sir Christopher Benson yesterday announced plans to step down from the chairmanship of MEPC, the UK's second largest property company, in July 1993 after nearly 20 years on its board. The new chairman will be Lord Blakenham, who is also chairman of Pearson, the media and industrial group which owns the Financial Times. He has been on the board since 1990, and his will be a non-executive position, in contrast with Sir Christopher, who describes his role as having been a "part-time executive" one.

Sir Christopher said he was leaving the company when he reached the age of 60, which is MEPC's retirement age. He is also chairman of Boots, the retailer and a director of Sun Alliance, the insurance group.

His departure from MEPC, like his arrival, coincides with a severe downturn in the property market. "Much has happened since I joined the board in January 1974 and the company has successfully ridden out three major economic hurricanes," he said.

Ian Irvine, deputy chairman of Reed International and chairman of Capital Radio and Jonathan Taylor, chief executive of Booker, have also joined the MEPC board.

Sir Christopher is a chartered surveyor who began his career in the navy before moving into the property industry in the late 1950s. He became managing director in 1976 and became chairman in 1988.

He was chairman of the London Docklands Development Corporation, the body charged with regenerating London docklands, from 1984-1988.

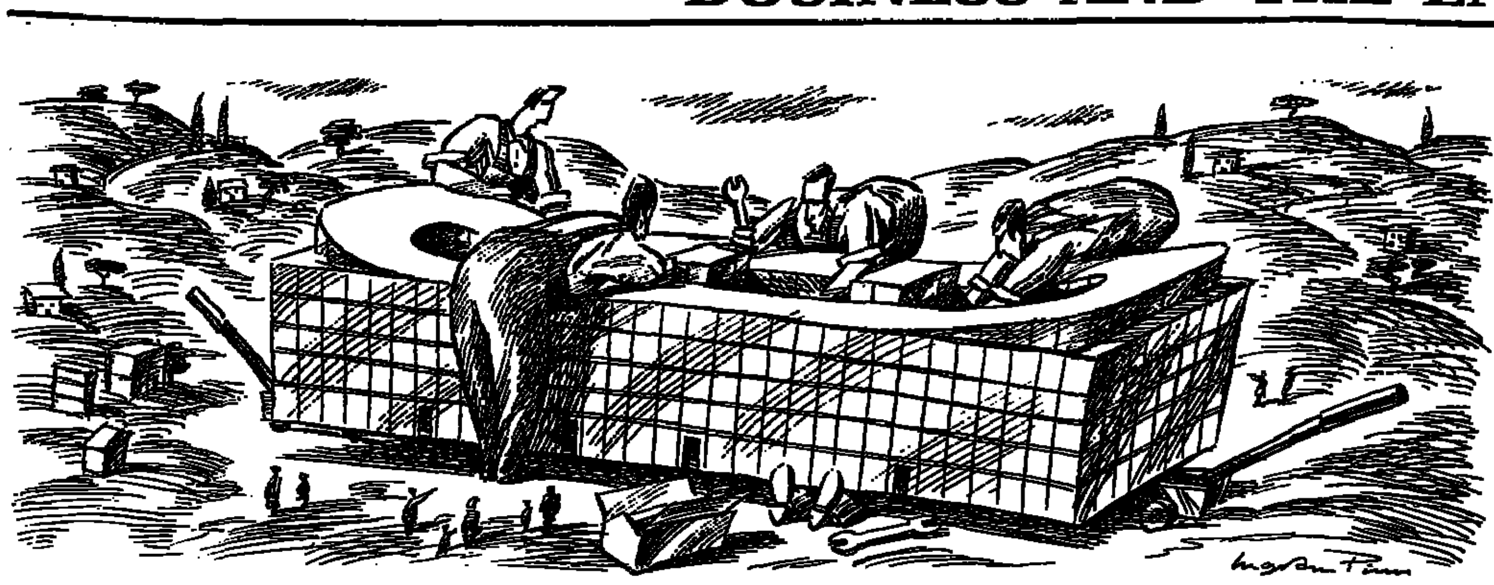
■ **John Macomber**, 64, a former chairman of the US Eximbank and ex-McKinsey management consultant, has rejoined the board of Pilkington, the world's largest glass manufacturer. He served as a non-executive director between February 1988 and July 1989 when President Bush gave him the job of running Eximbank.

Macomber, who was chief executive of Celanese Corporation, until it was acquired by Hoechst in 1987, is one of two new faces on the Pilkington board. The other, George Simpson, 50, is deputy chief executive of British Aerospace and chairman of Rover. They are replacing Lord Croham, a former head of the home civil service who has been on the board since 1978, and Sir Peter Thompson, president of NFC, who has been on the board since 1985.

Pilkington has been hard hit by the recession and is often touted as a takeover target. But the recruitment of the two new non-executives to a boardroom which includes Deustche Bank chief Hilmar Kopper, shows that the firm has little difficulty recruiting talented independent directors. George Simpson is credited with helping to revamp the fortunes of Rover and is now a rising star in the British Aerospace boardroom, while Macomber played a leading part in building up the European practice of McKinsey & Co.

■ **Donald McFarlane**, chairman of Senior Engineering Group and of James Dickie, is appointed a non-executive director at GENERAL CONSOLIDATED INVESTMENT TRUST.

■ **Harold Cottam**, chairman of Haden MacLellan and recently retired UK managing partner of Ernst & Young, becomes a non-executive director at ALLIED COLLOIDS; William Wilkinson becomes deputy chairman.



Starting on a new track

Haig Simonian on an Italian industrial landmark that escaped demolition

Half-way round the steeply-banked curves of Fiat's roof-top test track at its former Lingotto factory in Turin, you begin to regret having chosen the gorgonzola sauce rather than the salad for lunch.

From the passenger's seat of an Italian sports car, racing along the one-kilometre track is for many people a dream come true. Millions of youngsters must have imagined themselves behind the wheel on the extraordinary oval circuit, five floors above ground.

Like many contemporary industrial wonders, however, Lingotto reached the end of the road. Built by Fiat between 1917 and 1920, it was for decades the biggest car factory outside the US, and an object of wonder even for architectural gurus like Le Corbusier.

But what do you do with one of Europe's biggest empty spaces, encompassing 250,000 square metres, much of it in two narrow parallel blocks, and 350,000 square metres of ground, once production has stopped? And how do you protect such a site from environmental damage and vandalism?

That was the challenge posed by Fiat to 20 architects in 1984, including Sir Denys Lasdun and Sir James Stirling of the UK, Austria's Hans Hollein, and Richard Meier from the US. Three of Italy's best-known architects, Renzo Piano, Aldo Rossi and Gae Aulenti, also took part.

Many suggested transforming the big press shop into an exhibition space. Ideas for the two 500-metre spines were more varied, although theatres, hotels and conference centres often featured. And all retained the famous test track.

That is roughly the mix of activities now under development in the L600bn (£285m) project for Lingotto, which recently marked an important turning point with the opening of the first big exhibition devised entirely by the new company running the site.

Designed along Henry Ford's assembly line principles, the plant was conceived by the architect, Giacomo Mattè-Trucco, to maximise output in the minimum space. Construction costs were kept down by using a rigid modular system.

Surprisingly, Fiat's decision to pull out of Lingotto in 1982 was an industrial rather than an environmental choice. Ceiling and under-floor clearances were inadequate for modern motor production. All around the world, industrial mammoths like Lingotto were falling victim to new, single-level factories with huge, column-free spaces and high ceilings.

What do you do with one of Europe's biggest empty spaces, encompassing 250,000 square metres, once production has stopped?

With the old press shop having been partly demolished and rebuilt as exhibition space, Lingotto's five halls, covering 90,000 square metres, are now nearly complete. The whole project, masterminded by Piano, best known for the Pompidou Centre in Paris, has capitalised on natural light from existing skylights to provide a much less claustrophobic space than in most exhibition centres. Elsewhere, typical Piano touches like long multi-storey escalators and brightly painted pipework abound.

But it is finding uses for the rest of the plant which has posed the biggest challenge for the sponsors. In a complex deal, Fiat sold Lingotto for L35bn payable in installments, to a consortium in which it will hold 37 per cent. Partners include Turin's chamber of commerce, and two local banks and an insurance company, which have 36 per cent between them.

A sister company, owned by private and public-sector interests, will run the exhibitions. It will manage the halls and associated services for shows organised by third parties, such as Turin's book fair and the bi-annual Motor Show, which this year – the first at the restructured Lingotto – received 540,000 visitors. But to make a profit, the company must also devise new functions.

One spin-off already under way is a series of Lingotto-branded products, to be manufactured under licence. A Piano-designed halogen lamp, based on the original 1920s light fittings and now installed in many parts of the building, is to be marketed by one of Italy's leading lighting manufacturers.

Piano's plans for the rest of the site include a flexible 2,200-seat concert hall being dug out of the bowels of the building, which will have an adjustable roof, allowing it to adapt acoustically to the needs of conferences as well as concerts.

Another area will be occupied by a 250-bed luxury hotel, while a row of shops will run along both spines. Further civic uses will be guaranteed by re-housing the science faculty of Turin University at the northern end of the building, with an additional wing.

The plans include a three-storey business centre, while an "incubator" for budding new companies near the university complex will complete the circle between basic research and commercial applications of new technology.

The whole project, so far only slightly behind schedule, should be finished by 1995, when the university moves in. In the meantime, the hotel and congress centre are due to open next September, followed by the shops at Christmas and the innovation centre in 1994.

Will it work, especially in a recessionary Italy? Many companies are already scaling down spending plans, while Piano himself earlier this year attended the opening of an equally big conference centre he designed in an old cotton warehouse in Genoa.

The Torinese themselves are delighted that one of their city's most famous landmarks is being revived, even if there is concern about the cost. If Lingotto takes off, such caution will probably be cast aside by visitors strolling around the test track, which will be open to the public. If not, Lingotto's sponsors could find themselves with an impressive white elephant.

A hard nut to crack

Matthew Kaminski on eco-friendly business ventures which pave the way for sustainable development

Ben Cohen of Ben & Jerry's ice cream company says it all came to him at a rainforest benefit hosted by the Grateful Dead. Eager to help nature but also to make a profit, Cohen saw green when he came across a (legal) organic commodity at the concert: the Brazil nut, a renewable Amazon resource extracted by the Kayapo Indians.

Three years later, the US company buys $1.6m (£1m) of Brazil nuts from the Kayapo to make its popular Rainforest Crunch ice cream, a vanilla-caramel concoction.

Eco-business ventures are a growing though still limited field. They usually follow a two-pronged approach. First, companies source raw materials from ecologically threatened areas around the globe to promote the use of sustainable resources which provide indigenous peoples with foreign capital. Direct investment in the Amazon, for instance, ties the Indians' welfare to the welfare of the rainforest, prompting them to protect it against destructive cutting and burning by developers.

Second, businesses can capitalise on the public relations boost in a market where most things "green" are popular. The firms also often support conservation efforts organised by environmental groups which work with the people.

This shift in attitude follows years of distrust. Many businesses are involved in such projects, and no longer stand accused of "window dressing". Meanwhile, conservationists now work closely with the local population, who were once considered the problem, to develop products and sell them to interested firms.

Cultural Survival, the US non-profit foundation which sold Cohen on the Brazil nut, tries to find buyers for products made by indigenous groups with little access to western markets. The group acts as a trader for 15 commodities from 11 countries to make 125 products. Sales to businesses with "socially responsible" sourcing practices reach $2m annually with clients such as The Body Shop, the cosmetics chain, and retailers like Macy's and the Nature Company eager to foster a progressive image.

Jason Clay, director of Cultural Survival, acknowledges the trade volume is scant compared with the Third World's development needs and has barely scratched the hidden potential. But he expects his nascent operation, started in 1988,

to reach sales of $50m in five years.

Cultural Survival also benefits directly from the sales. Companies agree to pass on 5 per cent of their premium to fund the group's programmes. These include getting indigenous people titles to their land so they will protect it against ruin; and resource management programmes, needed to raise standards of living.

Working with local groups to expand commercial opportunity was pioneered during the 1980s by Chico Mendes, the Brazilian rubber tapper murdered in 1988. The Mendes spirit is in evidence in Ecuador's Esmeraldes region where the locals produce tagua, an ivory-like palm nut, that can be used to make buttons. With assistance from Conservation International, another non-profit body, sales to retailers such as Smith-Holkin, LL Bean and Esprit have generated $75,000.

On the surface, this may seem more like charity than business, but the group says its presence has given conservationists needed leverage in local politics. For example, Esmeraldes now has a land-use plan and it successfully opposed a banana plantation development on protected land. The new thinking has also led environmentalists to reassess their staple programmes, such as the popular debt-for-nature swaps which have been criticised for stirring inflationary pressures and creating a market for bad debt that should be forgiven, not bought.

Conservation International, which pioneered debt-for-nature swaps in 1987, is using this tool to promote eco-business ventures in Guatemala. Its $1.4m debt-for-nature swap funds, for the first time, commercial extractive activity.

The programme is run in the Maya Biosphere Reserve, a 1.75m-hectare region in the nation's northern Peten province. The local population of some 15,000 Mestizo people, part Spanish and part Indian, depends on the forests' natural endowment. But over-harvesting and deforestation has depleted the forest.

Local people are taught proper harvesting techniques that maximise sustainable use of the reserve's three primary non-timber products. "If they look out over the forest and see their economic future, and the economic future of their children, they become allies in the ecological conservation of their forests," says Jim Nations of Conservation International.

Don't let Auntie take a retrograde step

Christopher Dunkley writes an open letter to Peter Brooke

Dear Mr Brooke,

When you presented your green paper on *The Future Of The BBC* to Parliament last week you called for a wide ranging debate and invited listeners and viewers to write to you. My first suggestion is rather personal. You must have heard of the pillow-banging method of auto-persuasion, you know, thumping your head on the pillow just before going to sleep and saying "I will not overspend my credit card" or whatever. Since you are now the key person as regards the future of the BBC, I think you *should establish a little bed*time routine which goes "The status quo *is* an option", thump, "The status quo *is* an option", thump, "The status quo..." Surely that should not be too difficult for someone who is supposed to believe in conservatism?

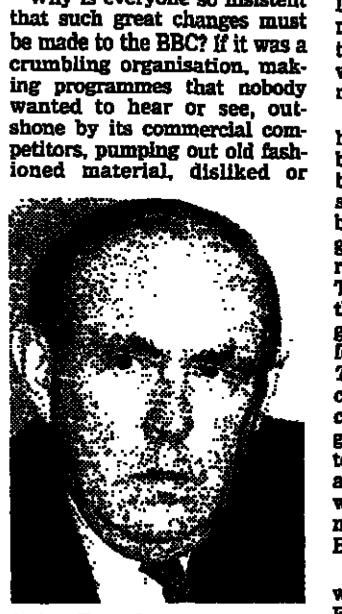
To me it looks urgently nec*essary because it seems that* all the most important parties, including yourself and the BBC, have already accepted, before the debate has even started, that, whatever else may happen, the BBC must be transformed. In your foreword you say "The BBC cannot remain unchanged", section 1.1 says "we should be ready to contemplate radical changes", and the BBC describes its own discussion document, *Extending Choice*, also published last week, as being "about adaptation and change". Clearly it would be absurd to suggest that this one organisation should be set in amber and preserved forever as it is today.

However, the danger seems quite the reverse. Having persuaded yourselves that change is inevitable as a reaction to predicted developments in the broader world of broadcasting, the BBC looks set to pre-empt its competitors and make retrograde changes which will then, but only then, create precisely the hostile conditions anticipated. For example, the people at the top of the BBC seem to have resigned themselves already in extraordinarily fatalistic fashion to losing about one third of their audience in the next few years.

They talk about the advances being made by satellite and cable predicting that most households will have access to 20 television channels and 15 radio stations within seven years. I doubt the inevitability of that, given that all the billions spent so far on satellite and cable have produced an audience *share of less than* six per cent. But one way to help bring it about is for the BBC to start planning now for a reduction in its audience from a 45 per cent to a 30 per cent share which is precisely what it is doing. Not only does that depress the staff, it becomes a self-fulfilling prophecy.

Throughout *Extending Choice* the tone suggests a willingness to move wherever commercial media barons or market forces may push, rather than setting out determinedly to lead from the front. Anything that cannot be judged "distinctively" BBC will be abandoned to the commercial sector. The current police drama series *Between the Lines* on BBC1 is excellent but is there anything "distinctively BBC" about it? How doe the programmes in BBC2's social affairs series *Public Eye* differ "distinctively" from ITV programmes on the same subjects? It looks as though your predecessors in the Thatcher years were so successful in their attacks on the traditionally diverse centres of influence in this country (the universities, trade unions, local councils and so on) that there is nobody left, not even the supposedly arrogant BBC hierarchy, with the confidence to dissent. Everywhere "the market" is accepted as rightfully triumphant.

Why is everyone so insistent that such great changes must be made to the BBC? If it was a crumbling organisation, making programmes that nobody wanted to hear or see, outshone by its commercial competitors, pumping out old fashioned material, disliked or



Peter Brooke

ignored by the public, it might be understandable. But the fact is that British broadcasting is one of those rare things in Britain at the end of the 20th century, a national success story, and to a large extent the BBC is responsible for that. IN all areas the BBC has repeatedly proved its expertise and its appeal, from Attenborough's *Life on Earth* to *Only Fools and Horses*, from *Bookmark* to *Have I Got News for You*. Does it really make sense to set out so resolutely to fix it when it ain't broke? The British consume more broad*casting than their continental* neighbours, and virtually all of them turn to the BBC at some time every week.

Most of them believe, as they always have, contrary to the assertions of certain political ideologues, that the licence fee delivers good value for money. Of course it may be that you *do not really want to change* Auntie very much, that your green paper is mostly a formality and that, after a suitable show of public tussling, matters will proceed pretty much as before. Certainly there are people who have read your paper and are complaining heatedly about your lack of "zeal". They are making bitter comparisons with the radical treatment so recently handed out to ITV. It is clear that you are better disposed than some towards the BBC. Yet to assume that the ideas in your paper were mere debating points – slimming the BBC, restricting its output to material which will not make a profit for commercial broadcasters, cutting its television channels to one and its radio networks to three – would, I *suspect, be a terrible mistake*.

The most powerful argument on the side of the BBC is that it has proved itself over decades, and shown that a large multi-purpose broadcasting organisation with a big "critical mass" of talent, can and will produce programmes *throughout the spectrum, from* highbrow to mass appeal, from *Civilisation* to *Steptoe and Son*, from *Clarissa* to *Waiting for God*, in a way that commercial broadcasters will not unless you force them by law. Since your party has recently arranged to introduce far greater commercial pressure to ITV and simultaneously reduced the regulatory impositions on ITV to a "light touch", we are going to need the BBC more than ever before, not less.

Under the rules your party has introduced, commercial broadcasters are not going to be able to afford to cross-subsidise programmes of a highbrow or minority nature. Who gives us an excellent late-night run-down on the day's events? The BBC in *Newsnight* and not the commercial services. Who gives us a culture magazine four days a week? The BBC in *The Late Show* and not the commercial services. Which channel manages regularly to get special interest series on topics such as science, cookery and driving into its Top 10 with audiences of four or five million? Not Channel 4, but BBC2.

And what has that got to do with making *EastEnders*? Everything. If you fall back on *the old shibboleth "Do what* you do best, old boy" and insist that the BBC merely fill in the gaps where commercial broadcasters cannot turn a quick penny – educational programmes, Shakespeare, serious current affairs and minority interests – you will transform the BBC into a British version of America's Public Broadcasting Service. And you know better than I do that as soon as that happens your colleagues in Parliament will refuse to sustain the licence fee: QED BBC RIP.

The BBC must remain in popular broadcasting if we are to continue to benefit from its specialist broadcasting. If it can sustain its popularity while ridding itself of Australian soap operas, embarrassment series and the more gormless game shows (which is what John Birt, the Director-General in waiting, seemed to be suggesting last week) well and good. In the end the BBC stands or falls according to its abilities as a public service broadcasting organisation, a concept which some members of your party seem to find utterly baffling. All it means, surely, is an organisation with the sole purpose of providing a broadcasting service for the *public. Commercial broadcast*ing has as its first object the payment of profits to shareholders, as its second object the delivery of audiences to advertisers and, as a means to those two ends, thirdly the creation of programmes. Remember: "The status quo *is* an option", thump...

Yours sincerely

Christopher Dunkley

Marie Taglioni with Antonio Guerra dancing in 'L'Ombre', a ballet which her father created for her in St Petersburg in 1839. The photograph comes from a book just published by Hamish Hamilton, 'Ballet: An Illustrated History' (£25, 304 pages, 285 illustrations) by Clement Crisp and Mary Clarke

Rare musical treats from 'Tender is the North'

David Murray reviews Lindberg and Sandström

With two weeks still to run, the Barbican's Scandinavian festival is already a hands-down success. The idea of mounting a month's worth of music (and much else besides) from the Northern lands was wildly risky: all music-lovers know Grieg and Sibelius, and some Nielsen, but only a tiny fraction know anything else. There is a great deal more, as Barbican audiences are happily discovering; but it has been a colossal feat of planning both to lay on all these rich, obscure menus *and* to persuade audiences to come and try them.

Friday's concert by Andrew Davis and the BBC Symphony *was a bold test-case. Surely* a Magnus Lindberg premiere and a new trombone concerto by Jan Sandström were fare for a few hundred devotees in the Queen Elizabeth Hall? – and what about that second half, given over to a long Serenade by Wilhelm Stenhammar (1871-1927)? Yet it all drew a large, *enthusiastic house*, duly rewarded by performances as keen as could be.

Lindberg's *Corrente II*, a BBC commission, owes its "II" to having developed from a shorter *Corrente* for just 16 players. Though "Corrente" is Italian for the old *courante* dance-form, it literally means "running"; and indeed this piece races breathlessly through most of its 20-odd minutes. Oliver Knussen's *Coursing* offers a succinct parallel – and so do the quickest movements of Berg's Lyric Suite, the original models for every atonal *moto perpetuo* since.

In tonal music, a virtuoso torrent of even-notes may be almost too swift to follow, but slower-moving harmony will pin it down for the ear. Atonalists have to contrive different aural markers for their audiences: dramatic eruptions along the way, or radical contrasts of colour and weight. Here Lindberg (Finnish, b. 1958) has opted for a tight range of recurring chords, elaborated but not "developed" in the hectic instrumental flow.

On this first hearing the result sounded purposeful and consistent enough, with a nice appreciation of orchestral colour, but not so gripping as to fill up its length with drama. When the race was momentarily suspended – for a cadence from Purcell's "Funeral Music", for example – we heard mere pauses-for-breath, not *shifts to a new* level; and by the end we knew the basic chords excessively well. Further hearing may discern extra dimensions, but this time *Corrente II* seemed to present a flatter profile than other recent pieces by Lindberg, despite its elegant figurations.

Sandström is four years older, and Swedish. His Concerto was most specifically conceived for the remarkable trombonist and performance-artist Christian Lindberg (no relation to Magnus, as far as I know), who led the pictorial journey from mythical Greece through the Florida Everglades and Provence to aboriginal Australia with lusty motorbike fanfares, and in a biker's well-worn red leathers.

Mutatis mutandis, we were hearing a contemporary equivalent of Ferde Grofe's Grand Canyon Suite. Lindberg himself was grossly engaging; there were inventively funny episodes, and celestial white-note inserts in Hollywood style. The audience enjoyed it all hugely. Johan Jeverud's programme-note assured us that Sandström's concerto is less "eclectic" than any of his other recent music. That may be true, but the real charm of the thing lay in its playing-out of the mysterious Scandinavian sense of humour: rigidly deadpan but deeply silly, with *rude noises. One can warm to* that.

Andrew Davis lavished sympathetic care on both those works, and even more on the opening and closing pieces. Nielsen's *Maskarade* Overture sang and fizzed; those of us who missed Opera North's first British production of the opera, *80 years late*, kicked ourselves yet again.

The marvel of the evening, however, was Stenhammar's expansive Serenade (1914, revised 1919), a Northerner's idyllic vision of Italy. Were it not Scandinavian, we should all have known it by heart long ago. Each of its five movements is enchanting, lit up by eager, well-schooled imagination and by judicious orchestral hints from Berlioz and Wagner. Davis made it irresistibly fresh. For jaded critics, there are few pleasures to compare with discovering that a piece you expected to be efficient and period-bound actually sends up live, heartfelt sparks. It deserves to make a bestselling CD.

Theatre/**Malcolm Rutherford**

West Side Story

To see two *West Side Stories* within a week, and *Annie Get Your Gun* in between, prompts some reflections on musicals in general. *West Side Story* no longer looks like the radical breakthrough it seemed when it was first performed in 1957. *Indeed it would be perfectly* possible to dismiss it now as another piece of American sentimentalism, or to say that it has none of the inventiveness and originality of a much more recent musical: *Assassins*.

The trouble with the latter argument, however, is that the lyrics for both *West Side Story* and *Assassins* are by the same man: Stephen Sondheim. The conclusion I draw is that fashions change, and so they they should, but that the basic pattern remains much the same. What seems daring at the start soon becomes conventional. A musical is theatre with song; at its best, it is a marvellous formula which still has a long way to run.

None of that is to disparage the performance of *West Side Story* at the Leicester Haymarket. Leicester has emerged among the foremost of our regional theatres with an enormous range of productions. It has chosen *West Side Story* as its Christmas show, and on Saturday evening the theatre was packed.

One can see why people like the piece. It has song, dance and drama, a passing similarity to *Romeo and Juliet* and a sociological theme in the conflict between Puerto Ricans and whites. The direction by Paul Kerryson makes the most of it all. There is an impressive set of tall New York tenement buildings designed by Charles Cusick-Smith, but still plenty of room to display the choreography which came originally from Jerome Robbins.

The songs are terrific, of course, and the production worth *travelling to. Yet I won*der if Leonard Bernstein's music and the whole set-up really are so much superior than what went before. It just seemed so at the time. With hindsight, there is a lot Cowboys and Indians in *West Side Story* and sentimentality is never far away.

The other *West Side Story*, performed by the admirable Pimlico Opera, was at Wandsworth Prison with inmates playing some of the parts. This was a smaller affair, partly no doubt because space is restricted. It had the virtue of drawing more attention to the orchestra and, under the conducting of Wasfi Kani, Bernstein's music sounded better in the prison than at Leicester. The song that went down best was, for understandable reasons, "Gee, Officer Krupke".

Many of the audience had not seen the show before and it was plainly a great success. I muse about the psychological effect of giving the inmates the excitement of rehearsal and performance then sending them back to their cells until the next show, perhaps in a year's time. They should do it more often. Yet a piece that can serve a prison as well as being the Leicester Christmas show has surely joined the repertorie of established, even old-fashioned musicals.

Concert/**Richard Fairman**

Verdi Requiem

In the dark, holy surroundings of Westminster Cathedral it is easy to let one's mind drift back in time. Recordings do not exist from 1874 and so it is left to the imagination, supported by a thorough reading of contemporary reports, to form an idea of what the first performance of Verdi's Requiem might have been like.

With this concert on Monday the issue has come alive. John Eliot Gardiner, the hare among the period performance specialists, has left the tortoises well and truly standing by racing ahead to the later years of Verdi. *The keenness of intel*lect that he has focussed upon Handel and Mozart in the past was here turned on music that equally excites the physical senses. Whatever doubts it may have raised, the result was an important and compelling evening.

Nothing in it was slack; *nothing* was done without deep thought and preparation. The biggest surprise came in the solo music, where the disciplinarian Gardiner melted to allow his singers a measure of freedom – a malleable, sensitive, yet still precise style. The choruses were thrilling, tingling with energy, every part phenomenally clear from the Monteverdi Choir (including a couple of male altos, which would have given Verdi a surprise).

From a seat near the front the Requiem's extreme contrasts sounded tremendous, not least when the strident period trumpets pealed out from the cathedral galleries to announce the day of judgment. Unfortunately, the acoustics at Westminster were too resonant to let us hear the instruments of the Orchestre Révolutionnaire et Romantique (all as close to 1870s Italy as possible in any detail – though the pastoral oboe at "Inter oves" was a singular success.

It was with the four soloists that the problems arose. We know from accounts of early performances that the original soprano was renowned for the power and intensity of her top C, which rode over the climax of the final chorus, while the mezzo was so deep in tone as almost to be mistaken for a *tenor*.

Excellent artists though they are, Luba Orgonasova and Anne Sofie von Otter are not those kinds of singer. Orgonasova's exquisitely delicate soprano could not be heard at the big top C, or in much of the rest; von Otter's light mezzo has no tenor leanings, whatever her other virtues. The sensitive, Italianate Luca Canonici and long-breathed Alastair Miles were nearer the mark, though even they have relatively small voices. Too often the whole quartet simply disappeared from audibility.

What Gardiner did here was to take some of the singers from his Mozart team and transfer them to the music of a century later. Logic dictates that they cannot be "authentic" in both. Still, on the forthcoming recording they may well be more successful, while the exemplary technical standard of the music-making will carry all before it.

Concert sponsored by Goldman Sachs

INTERNATIONAL ARTS GUIDE

■ BARCELONA

● Garcia Navarro conducts Barcelona City Orchestra in works by Guinjoan, Beethoven and Brahms on Fri, Sat and Sun morning in **Palau de la Musica,** with piano soloist Bruno Leonardo-Gelber. Dec 12 and 21: *Handel's Messiah. Dec 15:* Zagreb Soloists. Dec 16: Alexis Weissenberg piano recital (268 1000). Next production at **Gran Teatre del Liceu:** Lohengrin, opening on Dec 14 (412 3532)

● Alan Ayckbourn's Absurd Person Singular can be seen at **Teixidors Teatreneu,** Terol 26, till Jan 24. Information and booking available through Caixa de Catalunya 08.00 to 14.00 (310 1212)

■ COLOGNE

CONCERTS

Leipzig Chamber Orchestra plays works by Handel and Vivaldi tonight in **Philharmonie.** Tomorrow: choral music by Bach. Fri (also Dec 13): Andras Schiff plays Schubert sonatas. Sun morning, Tues: Günter Herbig conducts Gurzenich Orchestra in works by Webern, Prokofiev and Richard Strauss, with violin soloist Joshua Bell (2801). Sat in **St Maria im Kapitol:** Gürzenich Choir in sacred music by Saint-Saens (601707).

OPERA

Tonight, Fri and next Wed in Opernhaus: Entführung. Tomorrow, Sun and next Fri: Der fliegende Hollander with Monte Pederson and Mechthild *Gessendorf. Sat: Die Zauberflöte.* Dec 20: new production of Billy Budd (221 8400)

■ COPENHAGEN

Tonight's performance at **Royal Theatre** is Nielsen's comic opera Maskarade. Flemming Flindt's production of Nutcracker can be *seen tomorrow, Fri and Sat,* continuing in repertory throughout the month. Mon: Balanchine evening. Tues: Carmen (3314 1002)

■ FRANKFURT

Alte Oper 20.00 Harlem Gospel Singers. Tomorrow: Frank Peter Zimmermann plays Dvorak's Violin Concerto with Sinfonia Varsovia. Fri: choral concert including first part of Bach's Christmas oratorio. Sun morning and Mon evening: Ken-Ichiro Kobayashi conducts Frankfurt Opera Orchestra in works by Zimermann, Mozart and Richard Strauss, with piano soloist Yefim Bronfman. Next Wed, Thurs, Fri: Horst Stein conducts concert performances of Hansel and Gretel, with Brigitte Fassbaender as the Witch (1340 400). Next Mon in **Jahrhunderthalle Hoechst:** Yehudi Menuhin conducts Sinfonia Varsovia in works by Corelli, Mozart and Haydn (3601 240)

Opernhaus 19.30 Margaret Marshall sings Violetta in Axel Corti's Vichy-era production of La traviata, also Sun. Fri: William Forsythe's ballet The Loss of Small Detail. Sat: Die Fledermaus. Dec 19: premiere *of new Forsythe* ballet. Dec 23: first night of Ruth Berghaus' new production of Der Rosenkavalier (236061)

English Theater Kaiserstrasse 20.00 Sandy Wilson's musical comedy The Boyfriend, daily except Mon (2423 1620)

■ HAMBURG

Tonight and Fri at **Staatsoper:** Hansel and Gretel. Tomorrow: Don Pasquale. Sat and next Wed: Don Carlos with Anna Tomowa-Sintow and Roberto Scandiuzzi. Sun: Die Zauberflöte. Dec 13: Bob Wilson's production of Parsifal (351721). Sun morning, Mon and Tues evenings in **Musikhalle:** Gary Bertini conducts Mahler's Fifth Symphony (351721)

■ LEIPZIG

CONCERTS

Vladimir Ashkenazy gives a piano recital tomorrow evening in **Gewandhaus.** On Fri evening and Sat afternoon, Gewandhaus Orchestra and Thomanerchor join forces for Bach's Christmas Oratorio (in **Thomaskirche**). On Sun at 16.00, Enoch zu Guttenberg conducts the MDR Symphony Orchestra and Chorus in Bach's B minor Mass, followed at 20.00 by a Lieder recital by Kurt Moll. Next Tues: Hakan Hardenberger plays trumpet concertos with Polish Chamber Philharmonic. Next Wed: Peter Schreier sings Winterreise (7132 280)

OPERA

Tonight's performance in **Opernhaus** is the Jones-Schmidt musical The Fantasticks. Tomorrow: Le nozze di Figaro. Fri: Werther with David Rendall in title role. Sat: Die Zauberflöte. Sun: My Fair Lady. Next Wed: Elektra (7168 273)

■ LYON

OPERA

Barbara Hendricks, Gabriel Bacquier and Gino Quilico star in L'elisir d'amore at **Theatre du Huitième** tomorrow, Sun, next Tues and Fri. Bruno Campanella conducts a staging by Frank Dunlop (7828 0960)

CONCERTS

Manfred Schreier conducts vocal and percussion music by Berio, Nono and Jarrell on Fri in **Maison de la Danse.** Mon at **Auditorium Maurice Ravel:** Labeque Sisters. Next Thurs and Fri: Emmanuel Krivine conducts Orchestre National de Lyon (7860 3713)

■ NEW YORK

THEATRE

● The Seagull: Chekhov's play launches second season of National Actors Theatre (Lyceum, 149 West 45th St, 239 6280)

● Someone Who'll Watch Over Me: Alec McCowen, James McDaniel and Stephen Rea portray three hostages in Beirut in a transfer from London of the drama by Irish playwright Frank McGuiness (Booth, 222 West 45th St, 239 6200)

● Woyzeck: Büchner's play directed by JoAnne Akalaitis. Music by Philip Glass, English translation by Henry Schmidt (Public, 425 Lafayette St, 598 7150)

● My Favourite Year: new musical, based on film of same name, by Joseph Dougherty, Stephen Flaherty and Lynn Ahrens (Vivian Beaumont, Lincoln Center, 239 6200)

● Brother Truckers: murder and mayhem from the Ridiculous Theatre Company (Charles *Ludlam Theatre*, 1 Sheridan Square, 691 2271)

● Jean Cocteau Repertory: two works in rotating repertory, Pinter's The Caretaker and David Fishelson's Dostoyevsky adaptation The Idiot (Bouwerie Lane Theatre, 330 Bowery at Bond St, 677 0060)

● Remembrance: Graham Reid's absorbing play, set in Belfast, about a Protestant man and Catholic woman who meet regularly at a cemetery and fall in love (John Houseman, 450 West 42nd St, 967 9077)

● The Sisters Rosensweig: Wendy Wasserstein's new play about the reunion in London of *three American Jewish sisters* (Mitzi E Newhouse, Lincoln Center, 239 6200)

● Oleanna: David Mamet's drama about political correctness, sexual harassment and other issues that will stir ideologues (Orpheum, 126 Second Ave at Eighth St, 307 4100)

■ STRASBOURG

CONCERTS

Tonight in **Palais de la Musique,** Hubert Soudant conducts Strasbourg Philharmonic Orchestra in works by Weber, Mozart and Respighi, with piano soloist Yefim Bronfman. Dec 17, 18: Theodor Guschlbauer conducts Dvorak and Brcukner (8837 6777)

OPERA

This month's performances by Opéra du Rhin at **Théâtre Municipal** are devoted to Die Fledermaüs: Theodor *Guschlbauer conducts Pierre* Strosser's new production opening Dec 9, further performances Dec 10, 12, 13, 19, 20, 22, 23 (8875 4823)

■ UTRECHT

Vredenburg Tomorrow: Cyprien Katsaris piano recital. Fri: Marc Foster conducts Netherlands Radio Chamber Orchestra in works by Ohana, Gorecki, Saariaho and others. Sun afternoon: Harry Christophers conducts The Sixteen in Handel's Messiah. Sun evening: Lev Markiz conducts New Sinfonietta Amsterdam in works by Elgar, *Britten and Heath. Next Wed:* Ton Koopman conducts Amsterdam Baroque Orchestra (314544)

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MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0700-0710, 1230-1240, 2230-2240 FT Business Daily
0710-0730, 1240-1300 (Mon, Thurs) FT Business Weekly – global business report with James Bellini
0710-0730, 1240-1300 (Wed) FT Media Europe
0710-0730, 1240-1300 (Fri) FT Eastern Europe Report
2240-2248 FT Report

Sky News
2030-2100, 2230-2300 FT Business Weekly

SATURDAY

CNN
0900-0930, 1900-1930 World Business This Week – a joint FT/CNN production

Super Channel
0830-0900 FT Business Weekly

Sky News
1130-1200, 1730-1800 FT Media Europe

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1900-1930 FT Business Weekly

Sky News
0130-0200, 0530-0600 FT Media Europe
1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES

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Wednesday December 2 1992

Violent times in Germany

HAVING MADE a unique and exemplary postwar recovery as a land cleaved in two, Germany is now navigating a unique and less-than-exemplary passage as a reunited nation. One feature of this passage has been a spate of attacks on foreigners, culminating in last week's firebomb murder of a Turkish woman and two young girls in a north German village. The German people, and their neighbours, are right to be concerned, not least because the thugs behind the latest outrage signed off their telephone message to the police with the words "Heil Hitler". Germany has a problem which requires a strategy. This must extend beyond short-term law-and-order measures into a domain to which Chancellor Helmut Kohl has thus far refrained from according much attention: an overall policy which aims both at improving controls on immigration and achieving genuine integration of the 4.5m foreign residents in Germany's midst.

"This republic is not Weimar," Mr Kohl declared – rightly – last week. German security experts have been warning for months that right-wing gangs, some led by shaven-headed youths mouthing ideologies which everyone hoped had gone for good in 1945, have been gaining strength in both east and west.

Yet the danger is neither that German democracy will tumble into the abyss, nor that the country is succumbing to excessive nationalism. Rather, there are three risks – all of them definable and containable. First, the perpetrators of the disorder may become branded abroad as epitomes of the new Germany. This would greatly harm Germany's image and eventually its economy. Second, the spectre of politicians expressing futile alarm at extremists' misdeeds will damage the stock of the country's leadership, at a time when Germany needs effective government. Third, if assaults on foreigners continue, the spore of insecurity will spread. The left-wing terrorism which afflicted Germany during the 1970s and 1980s was mainly aimed at selected establishment targets. The new neo-Nazi groupings are less discriminating. They seek their victims not behind the portals of bankers' villas, but on suburban railway stations.

The reasons for resentment against people with dark skins are manifold. Perceptions that foreigners are responsible for crime, unemployment or social security fraud have increased with the rise in asylum seekers entering Germany, and in the strains engendered by unification. Brutality is not a purely German phenomenon. Germany registered 2,427 "criminal acts against foreigners" last year, against 246 in 1990. In England and Wales, the Home Office counted 7,780 "racially motivated attacks" in 1991, against 6,559 in 1990. The German experience is exceptional not simply because of the acceleration since 1990, but because of the country's history – including its lack of success in integrating foreigners.

One positive move is that Mr Kohl is now on track for a deal with the opposition Social Democrats on amending the constitution to prevent abuses of Germany's liberal asylum law. Although it is unedifying that politicians act under the pressure of Molotov cocktails, this is a welcome step. But it will serve little purpose unless more is done elsewhere. Naturalisation procedures for foreigners need to be made less onerous – crucially, permitting long-stay *Gastarbeiter* and their offspring to vote in elections and become German citizens. These would-be new Germans need full rights under the law, buttressed by the sort of initiatives which have helped other societies absorb ethnic minorities. Germany needs a multiracial police force, and banks and department stores which give jobs mainly to Germans should hire more German-speaking foreigners. The violence is a challenge not simply for police and politicians, but for Germany's civil society. If the policies and determination are there, it will pass the test.

Cadbury's code

IT WAS appropriate that the final version of the Cadbury report on the financial aspects of corporate governance should have been published on the same day as Trafalgar House disclosed that its after-tax results for 1990-91 had been rearranged to show a loss of £99.4m instead of the originally claimed profit of £44.9m, while receivers were appointed to Rosehaugh, famous exploiter of murky off-balance sheet financing.

In important areas of accounting and reporting the sins of the past are being exposed and the impetus of self-regulation is being restored. The emphasis of the Cadbury report is that these advances should be consolidated by establishing a more formalised and consistent board structure embracing chairman, executive and non-executive directors.

Since the first draft was published last May the recommendations on non-executives have been refined: there must be a minimum of three such directors, a majority of them independent.

Companies must state whether they have applied the Code of Best Practice, and justify any departures from it. But the available sanctions are scant; in practice, any shortcomings in governance will be corrected by a company's shareholders or not at all.

The determination of institutional shareholders to enforce the code may therefore decide the ultimate success of this approach. The whole emphasis on non-executive directors largely reflects the unwillingness of fund managers to take a direct proprietorial role. One doubt is whether enough non-executives "of calibre" can be found. Another is whether they will be backed in practice by the institutions: the latter are now recommended to disclose their policies on the use of voting rights, but this does not go far enough.

The ability of entrepreneurs to flourish in such an environment must also be questionable. Many of them look to a board for loyal support and encouragement rather than for criticism and policing. However, at least the Cadbury approach allows for more flexibility in such cases than would a statutory definition of roles.

The Cadbury Committee's Code marks an important advance in that it will force directors to think clearly about their roles and responsibilities. Whether in the long run it will adequately fill the proprietorial gap which has resulted from the growth of impersonal institutional share ownership is more doubtful.

Dragon's wrath

MR CHRIS PATTEN has never pretended it would be easy to persuade China to consider his plans for political reform in Hong Kong. But he may not have expected, in putting forward his proposals nearly two months ago, that Beijing would move so swiftly, and with such force, to thwart him.

China's threat to repudiate commercial agreements after June 1997 already appears to be having the desired effect of damaging financial confidence in the colony, and fuelling unease about Mr Patten in the business community. No doubt China has further weapons to unsettle the markets, and the governor, in coming weeks.

Worrying as its threats may be, however, they do not constitute an argument for changing course. For one thing, they are still largely rhetorical. In saying that it will, after the handover, reverse reforms and refuse to honour contracts, Beijing is underlining that, notwithstanding the Sino-British deal on Hong Kong's future, it will be in charge and will do as it pleases. The hope must be that in practice its policies will be shaped by an economic self-interest based on the status quo in Hong Kong.

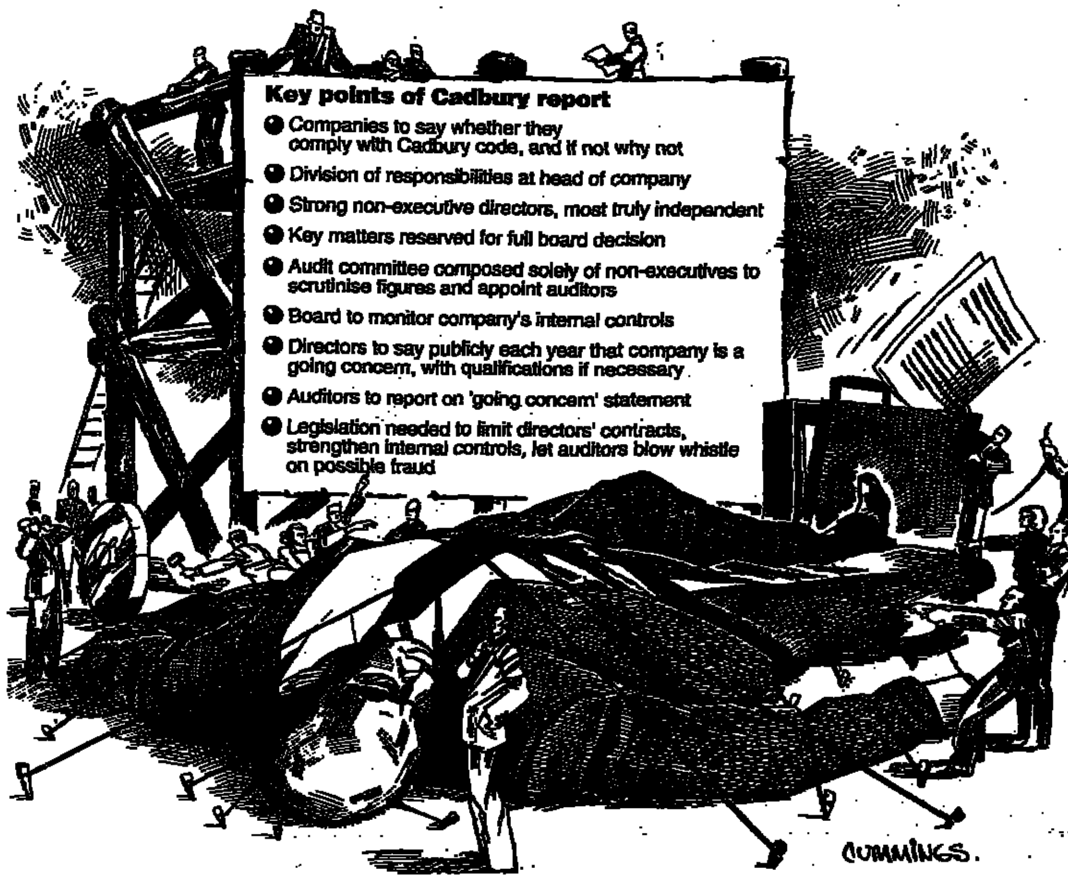
For another thing, Mr Patten's ideas for improving democratic accountability still enjoy – so far as can be gauged – overwhelming support from the Hong Kong people. His proclaimed object is to ensure that they have a say in their destiny. So long as they, and their representatives in the colony's Legislative Council, continue to express the wish for greater political freedom, that is what he should be striving to provide, even if the price is friction with China and financial instability.

Nothing in recent events has undermined Mr Patten's basic judgment that trying "in a modest way" to accommodate the Hong Kong people's aspirations is the best way to promote political stability. Indeed, China's rulers would be wise to consider the relevance of that notion in their southern provinces, where rapid economic growth may also spawn rising political expectations.

It may be that the communists in Beijing will refuse to accept this, preferring to confirm their own absolute power rather than to nurture Hong Kong's economic miracle; that, in other words, they remain determined to snuff out Mr Patten's "contagion" even if it means inflicting serious damage on the colony. But if so, and if the cost to Hong Kong of Mr Patten's political blueprint eventually seems too high, Hong Kongers themselves, not their colonial masters, should be the judges.

Taming the overmighty boss

The Cadbury report hopes to makes UK companies better run, but will it make them more profitable, asks Peter Martin



Watching the members of the Cadbury committee on corporate governance file into their press conference yesterday – all men, all middle aged, all wearing grey suits – it was easy to understand the air of mild disappointment that greeted their first conclusions, six months ago.

Worthy enough stuff, no doubt, said the world – but how much good would it do in practice? Where was the magic bullet that would rid the world of future Robert Maxwells? And wouldn't the specific proposals the committee had in mind lead to the creation of two types of directors – "the doers and the checkers", as Peter Morgan of the Institute of Directors put it?

The committee has reacted to these specific criticisms by watering down some of its proposals. On the face of it, that might lead you to expect the final draft to be more disappointing than the earlier one.

Reading the report, however, gives rise to a rather different impression, somewhat at odds with the committee's air of cautious incrementalism. The proposals could well mark a watershed in the relationship between the boards that supervise the activities of UK quoted companies and the managers who run them day to day.

Companies that comply fully with the spirit of the Cadbury report will find themselves establishing a markedly more structured, formal role for the board. For the very largest companies, this may not come as a great surprise; for the typical mid-sized UK company, the change will be much more noticeable.

Suppose that, a few years hence, you are just about to join the board of MidCo plc, as a non-executive director. This entirely ordinary mid-sized company has embraced the Cadbury principles fully. You have thus been chosen not because you bumped into the chairman on the golf course, but through a selection procedure dominated by existing non-executive directors.

At your first meeting, you are given a list of subjects reserved for a formal decision of the full board. The list includes any acquisitions or divestitures material to the company; along with investments, capital projects, treasury policies and risk management policies. This should mean that before the bright young man the corporate treasurer hired from Megabank's dealing room commits the company's entire net worth to a short position in the Omani riyal, you'll hear about the procedures in place to stop him – and get a chance to decide if they're strong enough.

Because you're an independent director – you have no involvement with the company except your fees – you are rapidly pressed into service on the audit committee. That means choosing the auditors, supervising the audit process, keeping an eye on internal controls, and getting a once-a-year private meeting with the auditors at which you and your fellow non-executives all eye each other nervously. Eventually, though, it becomes clear that the eager new audit partner – just rotated into the task, in line with Cadbury – isn't going to accuse the management of looting the company, and you all breathe a sigh of relief.

Times have been hard for MidCo, and you've had your doubts about next year's cash flow. That means that the past few weeks before the annual report is signed off are rather nerve-wracking. You must satisfy yourself that the business will still be afloat at the end of the new financial year, and then put your name to a statement to that effect which the auditors will comment on. Eventually, after a lot of agonising, the board agrees on an unqualified "going concern" statement, and the auditors concur – but you make a note to keep a closer eye on the cash flow statements.

When it comes to approving the words that accompany the annual results, you manage to make your first small impact on the company. The narrative presented by the executives rather glosses over that nasty business when the widget subsidiary lost a bundle on a Nigerian export contract. Picking up your battered copy of the Cadbury report you read the following sentence into the board minutes. "Balance requires that setbacks should be dealt with as well as successes," you quote – and the next draft of the narrative comes a bit cleaner on just what went wrong.

Each of these changes is a small one, and some of them reflect policies that are already being carried out at big companies. But as a whole, and taken together with recent changes in accounting standards and the growing mood of interventionism among institutional investors, they add up to a significant strengthening of the board's formal role.

This strengthening will take place even though the final Cadbury report makes some concessions to critics who accused it of going too far. Both versions of the report say that, in principle, it is a good thing to separate the jobs of chairman and chief executive. The two versions differ, however, on what should happen if the jobs are combined. The draft called for a senior non-executive director to play a formal role in representing shareholders' interests; that has become noticeably weaker in the final report.

Where the jobs of chairman and chief executive are combined, the draft called for a senior non-executive director to play a formal role in representing shareholders' interests; that has gone.

The suggestion in the draft that the chairmen of the audit and remuneration committees should speak as of right at a company's AGM has also been watered down; it is now up to the chairman to pass them relevant questions.

And the final report stresses the shared obligations of both executive and non-executive directions, to head off criticisms that the draft went too far to create two classes of directors – "the goodies and the baddies", as one company chairman called them.

Now that the final report is published, two big questions remain: will its recommendations actually get put into effect, in the spirit as well as the letter? And if they are, will it make any difference?

On the first question, opinion is divided. Sir Adrian Cadbury believes that the existence of the new checklist of procedures and policies will give ammunition to shareholders and board members. The requirement, to be imposed by the London Stock Exchange, that companies state in their annual reports which bits of the Cadbury code they apply, and which ones they don't – and to explain the omissions – will act, Sir Adrian says, as an effective stick.

Others are less optimistic. "When I've talked around among captains of industry," said one well-connected critic, "they all say 'we're doing it already' or 'it doesn't make much difference anyway'." That means, he says, that the code may only be given lip-service. The good boards will continue to put shareholders' interests first; the bad boards will let strong-minded chief executives go off on the rampage.

Another influential financial figure, who has had personal experience of trying to restrain a dominant chief executive, is more sanguine. Cadbury rules would have made it easier to mobilise the board to act as an effective check on the management, he says; it was the absence of strong non-executives which created much of the problem.

But where are the strong non-executives to play the new, more onerous role? Significantly, one member of the Cadbury committee has recently turned down an offered board position, because he felt the company's management style might give it problems in complying with the spirit of the new code. Yet such boards are precisely the ones that need strong non-executives. Sir Adrian talked rather hopefully yesterday about non-executives from among the divisional managers of large companies; and perhaps from public service and the universities. Still, the non-executive gap will not be easy to fill.

Even if the gaps are filled and the procedures in place, will this add a single penny to the earnings of UK quoted companies? "Yes, absolutely," said Sir Adrian yesterday, quoting the benefits of tighter internal controls for improving efficiency. One of his supporters among the corporate community talked, perhaps more realistically, about the way in which the report would lessen the downside, rather than increase the upside. "It is more a set of safety nets to protect a company from disaster, rather than something that would enhance performance," he said.

But even this view is regarded as optimistic by Sir Owen Green, chairman of BTR. "I don't think it will change the number of failed or failing companies," he said.

If this view is correct, then perhaps the whole exercise is an enormous diversion of energy that could more usefully be spent elsewhere? "Does this report pass the 'M' Test?" said one committee member yesterday. "Would it have stopped Robert Maxwell? No." But, he said, that was not really the right question to ask: Maxwell-proofing the UK probably required such a high level of oversight and scrutiny that the financial system would have buckled under the strain.

A more relevant question, he said, is "Does it pass the 'L' Test?" – would it have brought Lonrho more into line with accepted norms of corporate governance. Judged by that test, he said, the report would probably pass. Lonrho is an unusual company, however; it is dominated by a powerful chief executive, Mr Tiny Rowland, who has presided over successes as well as recent setbacks.

The real test is whether shareholders of the average British company will be better off once Cadbury's recommendations are being widely followed. It is hard to judge; just as it is hard to say whether the current obsession with proper procedures, good governance, and involvement by institutional shareholders will outlast the recession and the memory of the excesses of the 1980s. Rapid earnings per share growth, once that resumes, may well cover a multitude of corporate governance sins.

The real verdict on whether Cadbury will improve the performance of British industry will come in the upswing. If boards, by then bristling with powerful, newly-confident non-executive directors, are able to avoid even a tenth of the mistakes that companies made in the 1980s, shareholders and the public will have reason to thank Sir Adrian and his team. And even if, when the time comes, the Cadbury recommendations fail to pass that test, they will certainly change the way many boards run in the meantime.

PERSONAL VIEW

Life's rich rewards

By Jane Falkingham, John Hills and Carli Lessof

When people think about the UK social security system, they think of a more-or-less efficient 'Robin Hood' device for moving money from rich to poor. Yet that is not the only or even the main effect of social security.

Today's 50th anniversary of the Beveridge Report on "Social insurance and allied services" is a good moment to reflect on the other main effect – redistribution not between people, but across the same person's life cycle. For Lord Beveridge the aim was to achieve a "better distribution of purchasing power ... as between times of earning and not earning, and between times of heavy family responsibilities and light or no family responsibilities".

In other words, we all pay into the system through taxes or contributions at times when we can afford to, but get something out at times when income is low relative to the rest of our lives.

This "smoothing out" of the ups and downs of income over the life cycle happens in two ways. First, through the insurance aspect of social security; we all pay in, but only some of us suffer unemployment which the insurance covers. Second, through a savings bank mechanism: we pay in during our working lives, and receive pensions later.

If the system works well, poverty is reduced across the lifetime – what we each pay in equals what we each take out. Indeed, Beveridge suggested that poverty could be eliminated by redistribution *within* the working class, with no net transfer from the middle classes.

Given that social security serves both "Beveridge" and "Robin Hood" aims, how can we tell which is more important? Here, there is a problem. Government surveys tell us how much people pay in tax, and how much they receive from different kinds of social security. But these surveys are just a snapshot of a single year. Relatively poor pensioners will be receiving more from social security than they pay in tax. Relatively well-off people in work will be paying more in tax. But this gives us little clue as to whether – looking across complete lifetimes – people pay for their own benefits or end up as net gainers or losers.

Even if we had a survey following the same individuals since 1900 – which we do not – we would only get information about the overlay of changing tax and social security systems through which they had lived. It would not answer questions about the lifetime effects of today's systems.

To answer such questions the London School of Economics has devised a computer simulation of the complete life histories of 2,000 men and 2,000 women.

These people live their entire lives under conditions as they were in the UK in 1985. For instance, the proportion going to university reflects the proportions of 18 and 19-year-olds who did so in 1985. Wage levels for a given age and qualifications reflect the range in 1985.

The 4,000 people in our computer simulation are a better educated lot than the actual 1985 workforce, with 17 per cent having been to university or polytechnic. They also live to an average age of 75.

But other features of the 4,000 are more alarming. A third divorce and 37 per cent of women become single parents, an important factor in lowering living standards.

On the basis of family circumstances and incomes in every year of their lives, we can calculate how much income tax each pays, how much they receive from child benefit, the state pension, etc. This enables us to tot up lifetime gains and losses from the welfare state.

The model is still being developed, but the preliminary results are fascinating. On average, each of the 4,000 receives more than £60,000 (at 1985 prices) from the social security system over their lifetimes. Between 55 per cent and 65 per cent of these receipts represent returns to the same individuals of amounts they themselves have paid for. The exact proportion depends on benefits assumed to be financed by income tax and national insurance or from a share of general tax revenues, including VAT. Less than half of the £60,000 represents money moved between different people.

This suggests that the "savings bank" side of social security is, if anything, more important than the more commonly discussed Robin Hood aspect. Should this worry us? Not necessarily. A prime motive for Beveridge's idea of "national" insurance was the failure of the market to deliver cost-effective insurance and pension coverage for all. A particular concern, for instance, was the door-to-door sale of insurance contracts to poor families. Under this system, most of the premiums disappeared in selling costs.

There are good economic reasons why insurance markets may still "fail". We may also think it wrong for people to suffer in old age the consequences of decisions made when they were younger. "Life cycle redistribution" is a rational aim of a state social security system. Beveridge might not recognise the details of today's system, but he would certainly not allow us to forget this aim.

The authors are members of the Welfare State Programme at the London School of Economics

FOREIGN AFFAIRS

Edward Mortimer

The force of history

The Palestinians face a familiar dilemma in peace talks with Israel which resume on Monday

When one says that "ethnic cleansing" must not be allowed to succeed in Bosnia-Hercegovina because of the precedent that would set for other parts of Europe, the argument may sound far-fetched. Will Slovaks or Romanians or Azerbaijanis really pause, in the heat of their own bitter ethnic conflicts, to ask whether the Serbs got away with it?

I believe the answer is yes. "Ethnic cleansing" is apparently a new phrase, coined either by Serbs or about them to describe their policy of expelling non-Serbs from areas they are determined to control. But it is not a new phenomenon. And it does not consist of purely spontaneous outbursts of fear and hatred. It is a systematic procedure, requiring a deal of organisation, which needs to be planned by strategic thinkers. We may find their thought perverted but it is not unsophisticated; and it certainly involves a calculation about the relative strengths of various forces, the attitudes of great powers, and the likelihood of their intervention.

That view is supported by a recently published book, Expulsion of the Palestinians: the Concept of Transfer in Zionist Political Thought, 1882-1948 (Institute for Palestine Studies, $11.95). The author, Nur Masalha, is an Israeli Arab and a graduate of the Hebrew University of Jerusalem. He shows, using documents from the Israeli archives, that the flight of the Arab population from what became Israel in 1948 – which Israel's first president Chaim Weizmann hailed as "a miraculous clearing of the land" – was in fact "less of a miracle than the culmination of over a half century of effort, plans, and (in the end) brute force".

What is particularly interesting is that in discussions among themselves Zionist leaders repeatedly cited the precedent of the exchange of populations between Greece and Turkey which followed Atatürk's defeat of the Greek invasion of Anatolia in 1922. Vladimir Ze'ev Jabotinsky, the founder of "revisionist" or more extreme Zionism and mentor of Menachem Begin, alluded to this "transfer" in several articles during the 1920s and 1930s. He described it as a brutal, coercive action, imposed by the victorious Turks yet ultimately beneficial to the Greeks as well (since it made both states ethnically homogeneous). David Ben-Gurion, the leader of the mainstream Zionists and later Israel's first prime minister, replied in 1936 that the precedent was not applicable to Palestine because "we [the Jews] are not a state and Britain will not do it for us".

Yitzhak Rabin (left): an Israeli prime minister in the tradition of Zionist leader *David Ben-Gurion*

"The possibility of a large-scale transfer of a population by force was demonstrated," Ben-Gurion admitted in 1941, "when the Greeks and the Turks were transferred." But this had been the result of a crushing Turkish military victory. One could not assume that a victorious Britain would take "the responsibility of forcibly transferring the Arabs of the land of Israel merely for the benefit of the Jewish people". Only in 1948, when Israel became a state and was in the process of defeating the Arabs, did Ben-Gurion come to see the Turkish-Greek precedent as fully applicable.

It may seem tasteless to drag this up now, when Israelis (among others) are disturbed by signs of resurgent anti-Semitism in Germany, and when Israel, under a new moderate government, is trying to negotiate peace with its Arab enemies, including the Palestinians. But I am not seeking to establish any "moral equivalence" between Serbia and Israel, or between Ben-Gurion and Slobodan Milosevic, president of Serbia. Whatever the Jews did in Palestine has to be seen in the context of what was done to the Jews in Europe, though why Palestinian Arabs should pay for crimes committed by Germans and other Europeans is something neither the Palestinians nor I have ever understood.

Even the Palestinians now accept that the events of 1948 cannot be undone, and that the land occupied by the Jews in that war has become, irrevocably, the state of Israel. But that history has to be borne in mind when one considers the current peace talks, which are to resume in Washington next Monday.

Yitzhak Rabin's strategy is to leave the Palestinians no option but to accept what they are offered

The Israeli Labour party, which returned to power in elections last June, is historically the party of Ben-Gurion. Its present leader and now prime minister, Yitzhak Rabin, was a military commander in the war of 1948 and played a personal role in the expulsion of Arabs, as he has recounted in the Hebrew edition of his memoirs. He was also minister of defence, responsible for public order in the occupied territories, when the Palestinian uprising *(intifada)* broke out in December 1988. It was Rabin who gave the notorious order to Israeli soldiers to break the bones of demonstrators as a method of riot control. It was in large part thanks to this tough reputation that he won this year's election, since floating voters could feel confident that he would take no chances with Israel's security.

Mr Rabin is tough, but he is also intelligent and pragmatic, not dedicated ideologically to holding all of biblical Israel as was his predecessor, Yitzhak Shamir. He seems sincerely convinced that Israel can now achieve security through peace rather than war. His strategy, however, is not to seek a direct reconciliation between Israelis and Palestinians. Rather it is to reach an accommodation with Arab states, leaving the Palestinians no option but to accept what they are offered.

That is suggested by the fact that he has kept on the hard-line negotiator with the Palestinians, Elyakim Rubinstein, appointed by his predecessor, while putting in a new and more flexible negotiator, Itamar Rabinovich, to conduct the talks with Syria (and now to be ambassador in the US as well). Mr Rabin has brushed aside as unacceptable the Palestinian proposals for a "Palestinian interim self-governing authority" (PISGA), calling them "a blueprint for a state".

In the past few months the Israeli-Palestinian talks have focused, mainly in "informal discussion groups", on two documents outlining Israel's ideas for "interim self-governing arrangements" (ISGA). And the further they have gone into these arrangements, the more restrictive the Palestinian negotiators have found them.

The Israeli settlements and the land cordoned off by Israel for security reasons (comprising between them about 30 per cent of the West Bank), as well as the whole of East Jerusalem, would be completely outside the scope of the ISGA. Even in the remainder of the territories Israel would retain some say in almost every sphere of administration, through a complex network of "liaison committees".

Nabil Shaath, head of the Palestinian negotiating team, has described this arrangement as "Swiss-cheese Bantustanisation", implying that the areas of limited Palestinian authority would be like the holes in the cheese. Although it would be formally only an interim arrangement, leaving the final settlement still to be negotiated, the Palestinian negotiators inevitably fear that by accepting it they would lose the status of occupied territories in international law, and allow Israel's occupation of the areas excluded from ISGA to become accepted as irreversible, just as the 1948 conquests have been. Such a deal would be hard to sell to an increasingly discenchanted public opinion within the territories.

Yet if they refuse, the Palestinians risk being blamed for the failure of the talks and left with nothing at all. It is a painfully familiar dilemma, from which only the active involvement of the US might save them – something they could perhaps have expected from a re-elected Bush administration, but which is unlikely to be so high on Mr Bill Clinton's list of priorities.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Higher taxes are not a vote loser

From Mr James Dickens.

Sir, In "Lonely ride into sunset" (November 27), Joe Rogaly claims that proposals to raise income tax to finance improvements to welfare benefits are a "proven vote-loser". This is not so. Despite the serious misrepresentation in the Tory tabloids, Labour and the Liberal Democrats received a clear majority of the votes cast – 53 per cent – for precisely this proposition at the last general election. These voting intentions were not translated into a parliamentary majority because the opposition parties are split. Britain's first-past-the-post electoral system therefore produced a minority Tory government with only 43 per cent of the vote.

It is a complete misreading of the election result to claim that parties of the left and centre-left should abandon the case for higher direct taxation of the wealthy.

Mr Rogaly also quotes from Professor Galbraith's recent lecture in London. But he curiously omits any reference to Galbraith's declaration that Labour must not abandon its commitment to income re-distribution: "A firm stand for a more equitable sharing of income must be strongly a part of our platform."

I would, however, agree with Joe Rogaly that tax policies should, in future, also cover environmental protection and road financing. However, these new taxes should be in addition to, and not a substitute for, a much more progressive income tax on the higher paid.

James Dickens,
64 Woodbastwick Road,
Sydenham,
London SE26 5LH

Real competition would save coal from being marginalised

From Mr Peter Rost.

Sir, David Lascelles ("Coal on his Christmas list", November 30) quotes our evidence to the trade and industry select committee: "What we need is price decreases, not price increases." The threat to ICI's chlorine production is evidence enough.

But why do we assume that saving UK coal by increasing its share of the energy market would raise prices to consumers or cost taxpayers?

Sufficient evidence is available confirming that coal, under private-sector management, could not only underprice the "dash for gas" but compete with imports. If coal had been privatised before electricity, no fix would now be required. The industry should be offered for sale immediately, with a transitional government "dowry" while productivity is improved further.

Second, the electricity market should be liberalised, not stitched up even further. Overcapacity, as in any other market, should be reflected by downward pressure on prices. In a genuine competitive market, only the lowest cost power would sell. The economics of gas versus coal would then be subjected to the market test.

Deferring the extension of the contract market below 1MW from the 1994 timetable would be unacceptable. Large multiple site users such as retailers, banks, hotels, and local authorities' organisations with many sites each below 1MW but, in total, large electricity consumers – look forward to shopping around.

The solution of Michael Heseltine, the trade and industry secretary, is to establish the genuine competition in coal, gas, nuclear and electricity, which government promised but has so far failed to provide. Energy policy would then not be "in a mess", our coal would not have become marginalised and prices to consumers would be lower.

Peter Rost.
Major Energy Users' Council,
9 Cork Street,
London W1X 1PD

Chambers of commerce missed an opportunity

From Mr P J Kennedy.

Sir, I refer to Mr D P Roberts' letter "New role of chambers of commerce" (November 24). I am always rather amused when organisations that extol the virtues of free enterprise suggest protectionism when it comes to their own organisation.

Compulsory registration is an absurd suggestion. Indeed, such a suggestion calls into question the credibility of the chambers of commerce.

The solution is simple: they must offer and effectively market services that others want, and have the vision to grasp opportunities that various government departments create from time to time.

I have no doubt that if chambers of commerce had been more dynamic and forward thinking instead of lethargic and backward-looking then they could have been doing the job of the training and enterprise councils. The chambers of commerce were ideally placed but failed to exploit the opportunity that was theirs for the taking.

P J Kennedy,
managing director,
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157-159 Cleveland Street,
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Happiness is a smoke-filled railway carriage

From Mr Victor Ross.

Sir, Last Tuesday I travelled on the 17.50 from Paddington to Oxford in one of the new-style Network SouthEast trains.There was no smoking compartment. On enquiry I was told that this was "the new policy". Since when, may I ask? Affecting which services? Arrived at by what process of reasoning or consultation? I can find nothing about it in the Citizen's Charter, nor is it the way to won traffic back from road to rail. I am a smoker, sir, and do not wish to be reformed by stealth, certainly not by BR who call me "customer" to my face but decide behind my back what I should not have. What a relief it was to return to the squalor of the old smoking carriages (ca. 1945) plying between Charing Cross and Ashford, Kent, where the beer cans gently roll as the train sways from side to side, and cigarette butts float in the dregs.

Victor Ross,
Worten Mill,
Great Chart,
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Customs and Excise displays an exceptionally long reach

From Mr Philip Nuttall.

Sir, Tales of the treatment of the taxpayer by Customs and Excise are becoming legendary. The following is a case which we feel quite exceptional.

A client company had only one director. Unfortunately the director, although only young, died of a sudden illness. At the time of death he was not in default with Customs and Excise. When we received the various papers to finalise the company's affairs some time afterwards, we also received a notice of assessment and surcharge. We wrote asking that this be suspended until the executors were in a position to deal with the situation. Subsequently we dealt with the final return and deregistration.

We have now received a further surcharge notice in the sum of £52.31. After telephoning and reiterating the facts, we have been informed that we must appeal in writing. What does constitute reasonable excuse? Death, it would appear, does not qualify.

More seriously, who is policing these people?

Philip Nuttall,
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OBSERVER

Republican roulette

■ Her Majesty's offer to pay income tax has had some *unexpected knock-on effects* in the outer reaches of her realm. Australia's governor-general Bill Hayden and his six state governors, for instance, are finding to their horror they may have to follow her example.

Hayden, who takes home A$95,000 a year, has the use of mansions in Canberra and Sydney, a fleet of limos, and gets to fly in the government's VIP aircraft. These are perks which would normally be taxed under Australia's loathsome fringe benefits tax. But compared with the Queen, Hayden's annual running cost of A$8m a year makes him a bargain compared with the cost of Britain's royals.

Oddly, it is the conservatives who want him to pay up. Labor MPs have been pointing out that there would be little point in taxing Hayden because he would have to be paid more to compensate.

But there might be some interesting arguments about liability for fringe benefits tax. The tax is normally paid by employers. But Hayden is technically the government's employer, which might make him personally liable for taxation on all those houses, aircraft and cars. Alternatively, he might argue that the Queen should pay because she employs him to represent her.

Either way, it looks like further ammunition for Australia's republicans.

Campaign's end

■ Des Wilson, the Liberal Democrats' former campaign director, is terrific at public relations, and Burson-Marsteller *is* the world's biggest PR firm. But becoming a full-time flack, albeit with a seat on the board, is hardly a great cause.

Wilson says that if he were just joining Burson to make serious money, he would have done so long ago. It is hard to believe that a man who has done everything from establishing Shelter to chairing Friends of the Earth and campaigning very successfully for lead-free petrol, has run out of campaign ideas.

But he insists that he has, and would have stopped campaigning two years ago if Paddy Ashdown had not twisted his arm to take the unpaid job of running the Liberal Democrat election campaign.

Wilson is said to have one of the biggest egos in the business, and some Liberal Democrat MPs were livid that he crowded them out of the TV studios during the election. However, even his critics admit that he is good at setting strategy and his experience in mobilising grassroots opinion is second to none.

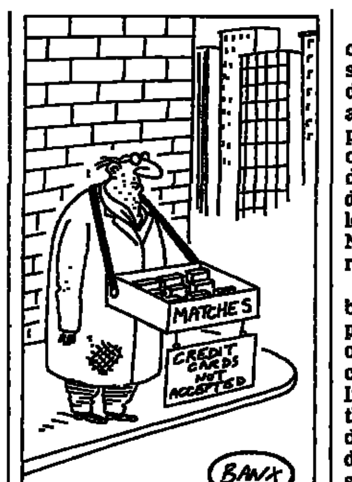
He would have loved the chance to modernise the Queen's image, but says there was never a chance that someone like him would have been picked. Come to think of it, the money wouldn't have been much good either.

Blackballed

■ Still on the subject of PR, what are we to make of the latest bit of house-cleaning by the Public Relations Consultants Association?

It has finally got round to blackballing the management buy-out remains of Charles Barker and Georgeson – four months after the parent Corporate Communications went into receivership at the end of July – leaving its principal directors in business and its past creditors substantially out of pocket. The PRCA says that while former board members remain with the two companies, neither will be considered as members. The Institute of Public Relations, the other professional body, is still deciding on its response.

Martin Langford, the PRCA chairman, denies that the action was simply designed to prop up the industry image and says there can be no further action unless and until the DTI rules on the role of the directors in the receivership. Even so it looks like a toothless PR gimmick.



Talking heads

■ Does Kenneth Clarke, Britain's home secretary, really enjoy splitting hairs with his EC partners at taxpayers' expense?

After chairing yesterday's meeting of EC interior ministers in London, Clarke confessed, rather surprisingly, to an inexplicable relish for the sort of fruitless debate which characterises many such gatherings.

Yesterday's discussion was on the far from frivolous subject of how to combat drug-trafficking in the EC. But agreement on a co-ordinated policy was stalled by a good old-fashioned ministerial dispute over where a European drugs agency should be located. France, the Netherlands and Italy are all rooting for their own favourite.

For once the UK was not being difficult and was prepared to go along with any of those suggestions. But compromise was not possible. Instead, the ministers passed the morning in the sort of discussion "which would have done justice to medieval schoolmen, dancing round the edge of hair-splitting arguments on semantic issues," says Clarke.

Wishful thinking

■ The social clout of the board of directors of Pilkington, glass-makers to the world, is definitely not what it was. A peer and a knight are retiring from the board and being replaced by a couple of commoners. Admittedly, one of the new boys, Rover chairman George Simpson, was knighted for an hour and five minutes yesterday before the Stock Exchange news service noticed and knocked him back down to plain mister.

However, with Simpson's increased responsibilities at BAe, and the possibility of his becoming the next president of the Society of Motor Manufacturers & Traders, he might not have to wait too long for his gong – if he's into that sort of thing.

Accessible

■ Sign outside Bin Ends off-licence in Streatham, south London: "Norman Lamont pays cash here."

FINANCIAL TIMES
Wednesday December 2 1992

Bundestag expected to give solid support to Maastricht

By Quentin Peel in Bonn

GERMANY'S Bundestag, the parliament's lower house, is expected today to vote overwhelmingly for ratification of the Maastricht treaty on European union. Only the former East German Communists, and a handful of individuals in other parties, are expected to vote against.

In spite of this show of solidarity, which many Germans hope will persuade waverers in Denmark and the UK to drop their doubts about the treaty, there are several stings in the tail of the ratification process in Germany.

The two houses of the German parliament, the directly elected Bundestag, and the Bundesrat representing the 16 federal Länder (states), have decided they must reinforce their national democratic control over the process of European integration. They have also inserted a strongly worded resolution insisting on their right to inspect the precise preconditions for European economic and monetary union before the final phase of a single currency and a single European central bank comes into effect.

They are also greatly increasing the direct involvement of the 16 Länder in the EC negotiating process, requiring close co-operation and respect for their views from the central government, and even the right to take the government's place in Brussels discussions. The co-operation must take place on all subjects for which the federal states have a domestic responsibility, which includes questions of the EC budget.

Although the amendments, both to the German constitution and in the shape of amplifying legislation, are intended to enhance the process of European integration, many senior officials in the government, and President Richard von Weizsäcker, the state president, have expressed the fear that they will make it more difficult.

"As far as Europe is concerned, we are turning ourselves into a confederation, not a federal republic," a senior official said.

In Brussels and other EC capitals, the changes are also viewed with alarm, as likely to lead to more complications in all future negotiations with Germany, both on day-to-day initiatives and on substantial transfers of national sovereignty to a European union. All moves involving sovereignty will require a two-thirds majority in both houses of parliament.

The European union, moreover, must be as defined in the amended German constitution: committed to the principles of democracy and of a law-based, socially oriented, federal state. For Germany, that means a significant strengthening of the European parliament before further integration will be possible.

Full details of the laws and constitutional amendments, as approved by a special ratification committee of the Bundestag, were published yesterday. They will be put to the vote in the lower house today and in the Bundesrat on December 18.

Mr Karl-Heinz Hornhues, deputy leader of the Christian Democrats in the Bundestag, said the parliament had made two key moves to reassure increasingly hesitant German public opinion over the progress towards European union. The first was to insist on a second debate on Emu – although he insists this does not amount to a British-style "opt-out clause". The second was a "European union committee" in the parliament, which will require the government to consult it in detail before embarking on any negotiations in Brussels, and observe any negotiating mandate it may be given.

According to the draft resolution agreed by the four main government and opposition parties, the Bundestag "takes seriously the concerns of the population over the introduction of a common European currency".

"Everything must therefore be done in order to show that these concerns are groundless. The stability of the currency must be guaranteed under all circumstances."

Treaty foes dominate debate in UK

By Ivo Dawnay and Ivor Owen in London

THE BRITISH parliament's marathon debate over the Maastricht treaty entered its committee stage in the House of Commons yesterday at a pace pleased Euro-sceptics and confirmed the worst fears of those seeking an early agreement.

The debate follows the Conservative government's narrow escape by three votes last month on a technical vote on the treaty.

In wooing several rebels before that vote, Mr John Major, the prime minister, promised that the final UK vote on the treaty would not be held until after Denmark had held its second referendum, expected to be in May next year at the earliest.

Yesterday, the treaty's opponents dominated from the outset, insisting on painstaking attention to procedure and detail. They took the first hour and 32 minutes entirely on parliamentary points of order.

Of the 45 interventions, barely half a dozen were from supporters of the bill. Several prominent Conservative anti-Maastricht MPs – including Mr Bill Cash, Mr Tony Marlow, and Sir Teddy Taylor spoke three times. Mr Nicholas Budgen, a key critic of the treaty, topped the scoring with five interventions.

Many on both sides of the chamber made clear, however, that their intention was not to filibuster. The chief aim of the queries was to press Mr Michael Morris, chairman of the ways and means committee, now responsible for chairing the committee stage, to broaden the parameters of debate.

Both Labour and Conservative MPs repeatedly sought clarification as to how they could insure that the Commons was given the right to debate whether a referendum might be held on the treaty.

The first point of order, from Mr Nigel Spearing, a veteran Labour anti-marketeer, centred on a complex question as to the validity of voting on the treaty when many of the key decisions at the Maastricht summit last year created intergovernmental bodies outside its scope.

His intervention allowed Mr Morris to make the point that the bill was not about ratification of the treaty, but to amend existing European legislation. "Amendments to put a limitation on such ratification . . are therefore out of order," he ruled.

Sir Teddy Taylor immediately followed with an impassioned plea for a referendum amendment to be taken. "I fear that this bill has been drafted in such a way as to prevent members of the House of Commons in expressing a view," he argued.

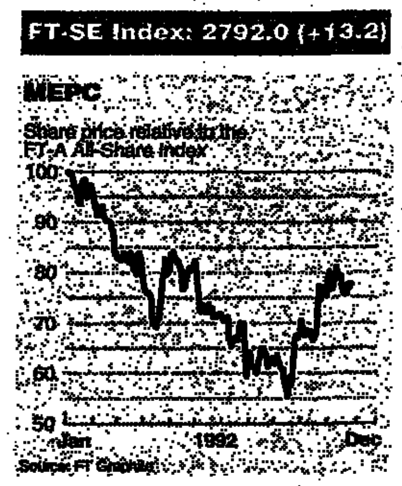
His plea was quickly followed by several other MPs, with Mr Dennis Skinner, the veteran left-winger, accusing the chair with bowing to pressure from the pro-European leaders of the two major British parties.

In two interventions, Mr Tony Benn, a long-time ally of Mr Skinner, took up the referendum cause, arguing that it was the right of the British people to be consulted over the loss of their powers implicit in the Maastricht accords.

THE LEX COLUMN

American dreams

FT-SE Index: 2792.0 (+13.2)



The balloons and ticker tape which have greeted the better US economic news of the last week may just be a little premature. True, the National Association of Purchasing Managers' survey for November showed a distinct improvement to 55 per cent yesterday and confidence is certainly up since the election. But the revised figure of 3.9 per cent economic growth in the third quarter owes much to rises in inventories, which have see-sawed erratically over the past year. Equally, the change in sentiment greeting Mr Clinton may not spark a charisma-led recovery any more than Mr Major's triumph did in the UK.

Much of this year's fits-and-starts recovery has come from investment and exports, while consumer spending has swung unpredictably. In part that may be because savings are still low, so small bursts of additional spending are the most that consumers can manage. That pattern is unlikely to change much while unemployment continues to rise and, unfortunately, there is no real sign that companies are hiring more staff. Indeed, the sharp rise in information technology investment suggests they are finally reaping the benefits of office automation.

While efficiency gains may help company earnings, economic growth may be limited to 2 per cent in 1993, with the mooted fiscal boost from the incoming administration adding another 0.5 per cent. Such an expansion would be barely enough to maintain employment around current levels. Those looking for straws in the wind might be encouraged that smaller companies are at last reporting easier credit conditions. That may just provide an engine for employment later next year.

Allied-Lyons

If one judges Allied-Lyons simply by how it is surviving the recession, then the company deserves some praise. To hold interim retailing profits unchanged while reducing the number of tied outlets by 500 is good going. So is the slight increase in brewing profits that appears after stripping out an extra £4m in bad debt provisions. With a 1,200 staff reduction in spirits and wine and the benefits of the Carlsberg venture yet to come, it is tempting to assume that only weak demand is holding the company back.

Sadly, though, the truth may be more complicated. Allied says the beer price has stabilised, but free trade supply agreements, which make up a rising proportion of its total sales of beer, come at lower margins than sales to its tied estate. Even after recovery starts, brewing's main hopes may be in cutting costs. And it remains uncertain how food manufacturing – a particularly weak performer – will fare.

Besides, recovery would benefit competitors, too, while Allied's £2bn debt could prove a handicap. True the Carlsberg venture will shortly reduced this by £135m, but the Château Latour disposal is proving slow to materialise and it will take Allied a while to trade its way into a position where gearing is less of a constraint. Until then its wine and spirits division must carefully pick and choose the acquisitions, on which the business heavily depends for growth. A large one would require a rights issue – something that will doubtless keep the shares in check.

MEPC

The UK's second largest property company yesterday oozed caution after its 24 per cent pre-tax profits fall. Given that property is one of the lagging sectors of the economy, MEPC suggested any recovery might be deferred until at least late 1993. That looks at odds with the 54 per cent surge in its share price since Black Wednesday.

The conventional explanation is that falling interest rates mean many property companies now yield more than cash, so investors are prepared to return to the better-managed stocks. Although MEPC sailed into the recession with a dangerously over-extended portfolio, its management has steered away from the shoals. Its development programme is now complete. It is raising useful funds from asset disposals – witness yesterday's Finsbury Circus sale – and aggressive progress has been made on lettings. It would, however, be dangerous to get carried away. Gearing has risen to 82 per cent and profits were flattered by capitalised interest of £31m. That practice may soon have to end. At 1.2 times, dividend cover looks tight.

MEPC hopes that property company shares will again become a safe haven for those desiring exposure to bricks and mortar and argues that investors will do better with shares than with real estate. But that would have its downside too. If fund managers switched to buying property companies on that basis, who would end up buying their developed sites?

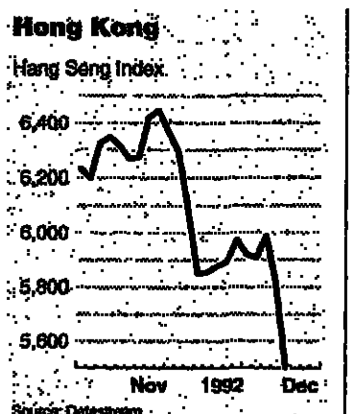
Trafalgar House

For all the new faces and upright accounting policies, Trafalgar House has yet to demonstrate a really fresh approach. The £138m property write-down in yesterday's full year figures looks like the sweep of a new broom but, judging by the standards of other property developers, there could be more to come. That Trafalgar ended the year only a shade above the minimum net worth specified by its loan covenants simply adds to the suspicion that it could have gone further.

With the earnings figure so muddied, the market might prefer to look at cash flow. Trafalgar sees a balanced cash position this year at an operating level. Equally there seems little scope for paying down debt without disposals. Selling the mid-market cruise ships and the smaller London hotels will help but that will only make a small dent in net debt over £450m once guarantees to associated companies are included. The Ritz may prove more of a problem. Trafalgar can comfortably fund capital expenditure in engineering and its existing property commitments, but there seems little hope of it finding the extra funds needed to develop its commercial property assets.

As the company indicated yesterday, joint ventures could be the solution. One can only trust Hongkong Land not to take advantage of its privileged position to cherry-pick the best of these assets. But since Trafalgar has cut the final dividend and left the way open for another reduction next year, Hongkong Land's option to buy more stock at 85p is the only convincing prop for the shares.

Hong Kong



Governor defies China

Continued from Page 1

angered China and led to a virtual cessation of official dialogue.

Yesterday in the Legislative Council Mr Patten said he would not withdraw his proposals which he said had twice been given general approval by the council since he unveiled them on October 7.

The governor said he was prepared to discuss them with China at a time and venue of its choosing. He would consider any alternatives that were fair, open and acceptable to the people of Hong Kong.

The view among political analysts in the colony yesterday was that Mr Patten can still secure a majority in the Legislative Council in support of his proposals. But the determination of the government to press ahead with legislation in February is bound to anger China, and further unsettle the business community which wants Mr Patten to shelve his plans.

Robert Mauthner, Diplomatic Editor, writes: Britain yesterday said it had no intention of being "derailed" by the Chinese campaign aimed at undermining Mr Patten's policies. The UK fully backed the reforms put forward by Mr Patten, but the final decision on their implementation would be taken by the colony's Legislative Council, Foreign Office officials said.

Farmers besiege Strasbourg in protest over farm deal

William Dawkins sees a display of European solidarity against the EC-US agreement on subsidies

STRASBOURG yesterday witnessed a spectacular display of international solidarity for French farmers opposed to the European Community deal with the US on farm subsidies.

By mid-morning, about 50,000 demonstrators had gathered around a bonfire in the Place de Bordeaux to rally for a 6km march in one of the largest ever pan-European labour demonstrations.

Every EC member state was represented, as were several outside the community, including Switzerland, Austria and South Korea. Japanese rice farmers, looking jet-lagged, protested against attempts to open their protected market.

Britain's National Farmers' Union, however, sent an even smaller delegation than did Japan.

By far the biggest non-French presence was an 8,000 strong delegation of German farmers, some of whom clashed with police in a failed attempt to storm the European Parliament.

Union leaders' speeches were drowned by a barrage of fireworks, which lasted throughout the demonstration. Rockets and bangers were aimed at surrounding buildings and passing police motorcyclists, but succeeded only in injuring other demonstrators.

Adding to the din was the clanging of cow bells by Swiss, German and French Alpine farmers, the braying of hunting horns and the howl of an air raid siren, brought by the Dutch delegation.

It took nearly two hours for the procession to file, 20-30 abreast, out of the Place de Bordeaux, by which time the first marchers had already reached the end of the route at the Meinau sports stadium, south of the city.

Police kept a low profile, under instructions to avoid trouble, even at the cost of some damage to public property.

The demonstration began with a festive atmosphere, but sporadic violence broke out once it got moving and one marcher was badly hurt in a scuffle outside the stadium.

As they strolled through mainly deserted streets and shuttered shops, demonstrators pushed over parking signs, burned tyres and smashed bus shelters, car windows and cash-card machines.

One of the few shops that dared stay open, a patisserie, did a roaring trade serving cakes to the hungry marchers, behind a shop window spattered with raw egg by other demonstrators.

Apart from these incidents, union leaders kept the demonstration under tenuous control. Police said the damage was less than expected for such a large gathering.

Marchers' anger appeared directed at several targets, of which the Gatt deal for a reduction in subsidised EC exports was only one. A multilingual forest of banners and signs variously criticised Common Agricultural Policy reform, the European Community, Germany and the US.

As one banner confusingly proclaimed: "Gatt: One Mercedes to the US equals one less European farmer. Danke Schön, Helmut." Others included "Gatt-astrophe", and "EuroDisney, IBM, Coca-Cola, John Deere, go home."

Mr André Legallo, a beef and dairy farmer from Brittany, maintained that CAP reform left him with an income of FFr40,000 ($7,400) a year. He and his neighbours were now reduced to selling their farm buildings as holiday cottages for English families. "After today," he said, "perhaps the Commission will listen to us".

Brittan abandons EC drug pricing plan

Continued from Page 1

manufactured products. A much-delayed document on the transparency of the means national governments use to set drug prices is expected to be published before the end of the year.

Increased use of parallel imports was one means of encouraging greater competition, he said. Parallel trade presently represented only 2 per cent of EC prescription drugs sales because of significant impediments that must be removed.

Sir Leon also stressed the need for greater substitution of expensive branded drugs by cheaper unpatented generic products. He said the practice was common in the US, but there was presently little generic substitution within the EC.

The decision to shelve harmonisation illustrates the Commission's increasing caution about trespassing on sensitive areas of national competence. Member states have moved quickly to defend themselves when they think national interests are at stake.

Sir Leon, in particular, has had to rein in his desire to attack inefficient public monopolies in the energy, postal services and telecommunications sectors. But he has insisted that Commission competition policy is generally in line with the requirements of subsidiarity.

World Weather

City		°C	°F
Ajaccio	S	17	63
Algiers	S	19	66
Amsterdam	S	10	50
Athens	F	11	52
Bahrain	S	23	73
Bangkok	C	29	84
Barcelona	S	15	59
Beijing	S	7	45
Beirut	S	21	70
Belfast	F	5	41
Belgrade	S	6	43
Berlin	F	9	48
Biarritz	F	14	57
Bombay	S	32	90
Bordeaux	F	12	54
Boulogne	S	11	52
Brussels	S	9	48
Budapest	S	2	36
Buenos Aires	R	22	72
Cairo	S	21	70
Cape Town	S	22	72
Caracas	F	29	84
Casablanca †	S	21	70
Chicago †	C	-1	30
Cologne	S	11	52
Copenhagen	S	8	46
Corfu	S	14	57
Dallas †	S	2	36
Dublin	F	9	48
Dubrovnik		–	–
Edinburgh	F	6	43
Faro	F	18	64
Florence	C	12	54
Frankfurt	F	11	52
Geneva	F	9	48
Gibraltar	F	19	66
Glasgow	C	7	45
Helsinki	R	1	34
Hong Kong	S	24	75
Innsbruck	S	8	46
Inverness	R	4	39
Islamabad	F	20	68
Istanbul	F	7	45
Jakarta	R	32	90
Johannesburg	F	27	81
Lisbon	R	14	57
London	C	12	54
Los Angeles †	S	10	50
Luxembourg	S	9	48
Madeira	S	21	70
Madrid	F	9	48
Majorca	F	18	64
Malaga	S	18	64
Malta	F	19	66
Manila	C	31	88
Melbourne	S	20	68
Mexico City	C	23	73
Miami †	C	15	59
Milan	F	10	50
Montreal †	Sn	1	34
Moscow	F	-15	5
Munich	S	12	54
Nairobi		–	–
Naples	S	17	63
Nassau	C	26	79
New Delhi	S	22	72
New York †	F	6	43
Nice	R	13	55
Nicosia	R	14	57
Oporto	F	12	54
Oslo	S	6	43
Paris	S	11	52
Prague	C	3	37
Reykjavik	F	2	36
Rhodes	F	14	57
Rio de Janeiro	F	29	84
Rome	S	18	64
Salzburg	F	9	48
S'Francisco †	S	7	45
Seoul	S	8	46
Singapore	F	30	86
Stockholm	H	6	43
Strasbourg	F	9	48
Sydney	C	17	63
Taipei	C	24	75
Tangier	F	19	66
Tel Aviv	S	20	68
Tenerife	S	24	75
Tokyo	R	12	54
Toronto †	C	1	34
Tunis	F	13	55
Valencia	S	18	64
Venice	F	10	50
Vienna	S	4	39
Warsaw	S	4	39
Washington †	C	5	41
Zurich	F	9	48

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

FINANCIAL TIMES

COMPANIES & MARKETS

Wednesday December 2 1992

INSIDE

Swedish banks' credit rating cut

Skandinaviska Enskilda Banken, Sweden's largest bank, yesterday suffered the third cut to its credit rating this year by Standard & Poor's, the credit rating agency, reflecting continuing concern over the severe troubles facing the country's banking system. Svenska Handelsbanken also had its rating cut, while the rating of Swedbank, a savings bank, remains under review. Page 18

MEPC chairman to step down

Sir Christopher Benson yesterday announced plans to step down from the chairmanship of MEPC, the UK's second-largest property company. "Much has happened since I joined the board in January 1974 and the company has successfully ridden out three major economic hurricanes," he said. Page 24

Battle over neglected mine

In a remote Siberian mountain chain, at the end of a snow-covered track, is one of the world's biggest and until now most neglected, copper mines. Almost half a century since it was first discovered, the Udokan deposit has become the subject of a fierce battle over who will exploit it. Page 26

Caribbean trading out of favour

Economic uncertainty and stagnation have dampened cross-border trading on the Caribbean's nascent stock exchange. Between May and December 1991, Jamaican investors spent $5.4m on Trinidadian stocks. Trinidadians bought $4m worth in Barbados. Barbadians bought $5m of Trinidad stocks. But hopes for expansion of cross-border trading have been dashed. Back Page

Chasing a new image

The image of Chase Manhattan, the New York-based banking group, was tarnished by errors during the 1980s. Now Mr Arthur Ryan, who took over as president in 1990, is keen to highlight the bank's recovery. Page 20

Exporting banks to Switzerland

Crédit Suisse Financial Products (CSFP), the London-based swaps and options affiliate of the leading Swiss bank, has just opened a representative office in Zurich. This move of a foreign subsidiary opening an outlet in the home base of its parent has become more common among Swiss banks. Page 18

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Asko	650	+	75
Rheinelek	632	+	11.5
Falls			
Aachen	798	−	19
Herlitz	286	−	10
Kaufhof	421	−	9
Volkswagen	263	−	5.3

NEW YORK ($)

Rises			
Dow Chem	54¼	+	1
Du Pont	48⅞	+	⅜
LSI Logic	9⅞	+	¾
Unisys	9	+	⅜
Falls			
Baker Hughes	18½	−	1¼
Digital Eq	32⅝	−	1⅝

PARIS (FFr)

Rises			
Cred Lyonn	394.8	+	12.8
Elf	342	+	11.6
Geophysique	619	+	25
L'Oreal	988	+	25
Falls			
Skis Rossignol	707	−	43
Union Imm	452.2	−	27.8

TOKYO (Yen)

Rises			
Bandai	3580	+	500
Carolina	250	+	23
Ikegai	370	+	36
Nihonkai	180	+	20
Nippon Carbon	480	+	45
Falls			
Zuken	2300	−	200

New York prices at 12.30pm.

LONDON (Pence)

Rises			
Asprey	248	+	13
BPB Inds	184	+	9
Clinton Cards	88	+	7
Close Bros	255	+	20
Cohen (A) A	250	+	35
Feedback	31	+	4
Gibbon Lyons	61	+	9
Linton Park	185	+	12
Micro Focus	2608	+	65
RMC	499	+	17
SelecTV	18	+	3½
Simon Eng	107	+	8
Sleepy Kids	18½	+	6½
Stanhope Props	15	+	4
Warburg (SG)	486	+	13
Falls			
ASDA	52½	−	5½
Euro Disney	725	−	43
Grand Met	447	−	12
HSBC	502	−	16
Racal Elect	154	−	17
SmKlBeechamA	584	−	17
Sterling Publ	64	−	7
Trafalgar Hse	89	−	6
Yorkshire Wtr	501	−	13

DAF may pull out of Renault venture

By Kevin Done, Motor Industry Correspondent

DAF, the Dutch commercial vehicle maker, is facing serious problems over the future financing of its joint venture with Renault of France for the production of a new range of light commercial vehicles.

DAF, which is in its third year of heavy losses, must decide soon whether to press ahead with the planned investment of around £100m ($152m) at its van plant at Birmingham in the UK. No official decision has been made, but it is understood that Renault is making contingency plans for DAF's withdrawal from the joint venture, which could put at risk the long-term future of DAF's Birmingham plant.

DAF and Renault formed a joint company, Van Technology, in 1990 to develop and engineer a new generation of medium/heavy vans. Under the terms of the joint venture the two companies were to make separate investments at their respective van plants in Birmingham and at Batilly in eastern France for the production of the new vehicle, which was due to start in 1994-95.

DAF insisted yesterday that vans remained a part of its "core business activity". It said that reports in France that it wished "to abandon this market segment" were "entirely without foundation". It said: "Work on the joint van project with Renault is continuing as scheduled. This involves a large team of engineers from both DAF and Renault based in Birmingham."

The UK plant has a workforce of nearly 2,000 including production workers and engineering staff.

The scale of DAF's financial problems has already forced it to seek a "strategic alliance" for its mainstream truck operations with talks currently under way with Mercedes-Benz, the automotive subsidiary of Daimler-Benz of Germany and the world's leading truck maker.

DAF said in the autumn that it hoped a new partner would provide fresh equity.

This hope appeared to be dashed last month when Daimler-Benz ruled out any move to take a shareholding in the Dutch vehicle maker.

According to DAF, the van project with Renault involves a total investment of around £500m, of which some £250m comprises spending by Van Technology on design, development and tooling.

Alan Sugar tells **Tony Jackson** there is no hidden agenda in his buy-out proposal

The bittersweet task of taking Amstrad private

Mr Alan Sugar has been talking to the newspapers a lot lately. This is not in character, but he has his reasons. He has until next Wednesday to persuade his shareholders to sell his company back to him. He is pretty sure the institutions will play ball. He is a good deal less sure about his army of private investors.

In spite of his supposed aversion to publicity, Mr Sugar is a master of the media. The general press comes away with a portrait of Essex Man, aggressive and profane. The financial press is confronted by the sober and thoughtful businessman. However, either way, the main nagging question for shareholders remains: why does he really want to take Amstrad private?

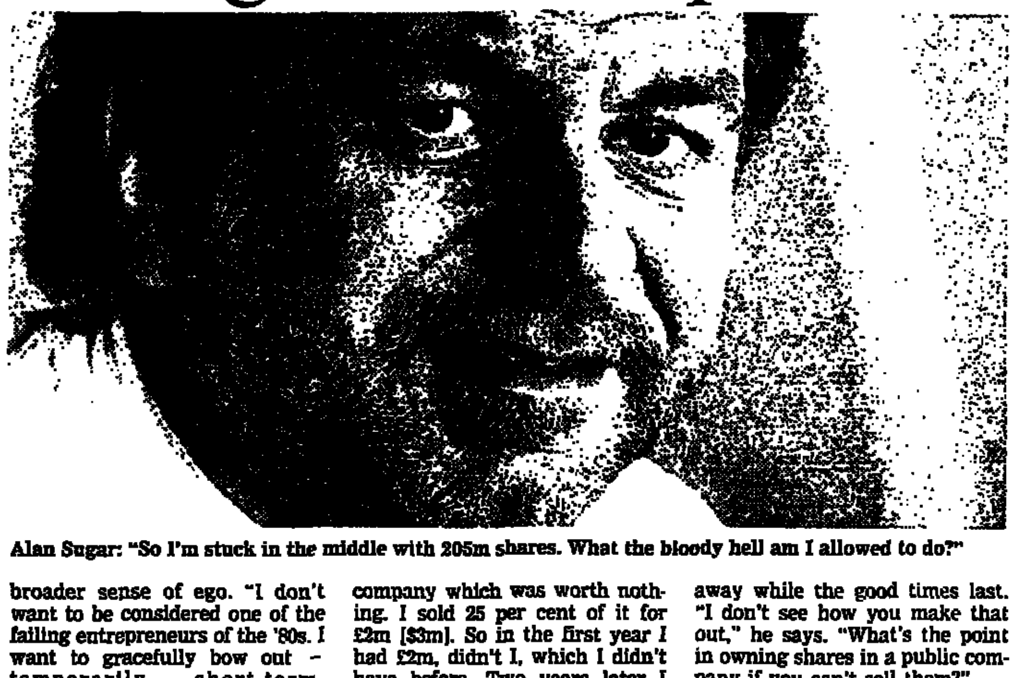
The answer seems in two parts. First, Mr Sugar is a proud man: if Amstrad is finished, its demise will be a private affair. Second, he has an insatiable thirst for cash: not wealth tied up in the business, but the stuff itself.

The first point is not as obvious as it looks. There is nothing diffident about Mr Sugar. In spite of Amstrad's fall from grace, his self-belief seems unshakeable. But he is deeply touchy about being beholden to anyone, the City of London in particular.

It is revealing that throughout the weeks of argument over the buy-out, he has not once visited the City of London to put his case to the institutions. "I don't want to convince anyone of anything," he said this week. "I don't want to go down there and have to talk my heart out to them. They've got the figures, they've got the money on the table, and they'll make their own minds up."

But this is, after all, a straightforward commercial transaction. If it involved the supply of electronics instead of shares, he would travel to Taiwan or Hong Kong at the drop of a hat. The City of London is just 30 minutes from his office by train. Is he too proud to ask? "Maybe. But I'm not asking their permission, I'm suggesting it to them."

He is also prompted by a



Alan Sugar: "So I'm stuck in the middle with 205m shares. What the bloody hell am I allowed to do?"

broader sense of ego. "I don't want to be considered one of the failing entrepreneurs of the '80s. I want to gracefully bow out – temporarily, short-term, long-term or whatever."

This suggests he is not necessarily turning his back on the City of London for ever. This is where the thirst for cash comes in. As a public company, Amstrad has made very little call on shareholders' money. But for Mr Sugar, this is not the point. "Being public was a great advantage for me. How? Because I've sold lots of shares and made a personal fortune."

But surely the company would have been worth as much private? Not to him, he explains patiently. "Look, in 1980 I had a company which was worth nothing. I sold 25 per cent of it for £2m [$3m]. So in the first year I had £2m, didn't I, which I didn't have before. Two years later I sold another £2m worth, and two years after that I sold £4m worth, and a few years after that I sold £25m worth, and then last year I sold £34m worth. That all went into my pocket."

What did he want the money for? "To buy property, for example. That's what I've done in the past five or six years. That's a form of insurance in a very stable and safe, boring investment: reasonably yielding, safe covenant, freehold commercial properties."

Mr Sugar's view of life begins to sound like that of a footballer or rock star, hoarding the money away while the good times last. "I don't see how you make that out," he says. "What's the point in owning shares in a public company if you can't sell them?"

The question lies at the heart of the buy-out. "I got criticised for selling my shares, and now I'm getting criticised for trying to buy them. So I'm stuck in the middle with 205m shares. What the bloody hell am I allowed to do? You ask me why I want to do the buy-out. One of the major reasons is to be able to realise my investment one day. OK?"

There is a seeming paradox here. At the offer price of 30p a share, his one-third holding in the company is worth £62m. The remaining two thirds will cost £113m. Thus, to realise £62m of assets the debt-averse Mr Sugar is borrowing £93m and paying another £20m of his own cash on top. But the paradox is easily resolved. More than half the borrowing will be from Amstrad itself. The rest will be repaid next summer, presumably through the partial liquidation of the business if necessary.

This is the answer to shareholders who suspect that Mr Sugar has some grand plan up his sleeve. When he goes private, he says, he will do little different from now. "Except, if I want to, one day I can close the company down, liquidate it in a nice orderly fashion and put the money in the bank. Or perhaps I can find someone to buy it off me in a couple of years' time – not try to pass it on and make a quick buck, as people are accusing me of now."

The accusation plainly rankles. "If the shareholders were to turn me down, one has to take it quite bluntly that they think I've been lying to them. I've told them it's best for them to get out. If they don't believe me, it's because they think I'm trying to trick them. That's the most hurtful thing at the moment."

But if it did happen? "I would have to protect my investment. I've said I would sell today at 31p so long as someone offered all the shareholders the same deal. If they turned me down, I'm not saying I would do the same in the future.

"Suppose someone came along and offered me 30p for all my shares. It's obvious that these people don't want 30p, so I might take it and go. No one will ever tie me down to anything. At the moment, the shareholders come first in my mind. They don't believe it, but they do. If the offer is turned down, I come first."

As Amstrad is Mr Sugar, the idea of someone offering him 30p a share for the company on its own seems unlikely. There is also rather an ugly air of threat about the whole argument. But Mr Sugar's contention is only that he is an honest man. Probably not even he would insist that he is a nice one as well.

The legal challenge brought by an individual shareholder to the planned buy-out of Amstrad by its chairman Mr Alan Sugar has been brought forward to tomorrow, writes John Mason. A High Court judge said the appeal by Mr Edward Northcote, an accountant owning 1,000 Amstrad shares, should be heard this week to avoid confusing shareholders about whether next Thursday's meeting, when approval for the plan will be sought, would go ahead.

Ciga to sell hotels to reduce debts

By Haig Simonian in Milan

CIGA, the international luxury hotel chain controlled by the Aga Khan, is expected to announce later this week an agreement to slash debts by selling a substantial stake in its hotel portfolio to an Italian private investor.

The transaction is set to reduce Ciga's debts, totalling almost L1,000bn ($717m) including rolled-over interest and a convertible bond issue, to between L350bn and L400bn.

The agreement, which is at a very advanced stage but has not yet been signed, should allow the company to lift much of the financial burden which has pushed it into increasing losses and provide a breathing space for further asset sales and restructuring.

However, after the deal, expected to involve the sale of a "substantial" stake in the subsidiary which owns Ciga's 36 hotels in six European countries, Ciga faces a continuing fall in demand for top price hotel accommodation in the economic recession.

Ciga's share price has plunged as a result of its growing financial difficulties, which earlier this year led to a debt rescheduling deal with its bankers and the suspension of interest payments. Group losses rose to L98.9bn last year from L33.4bn in 1990. Yesterday, Ciga's shares shed a further 3.1 per cent to L1,151, having fallen by 4.2 per cent on Monday.

The new transaction, which should be revealed later this week, supersedes an earlier plan to lower Ciga's debts by the sale of up to six of its top Italian hotels, handled by Goldman Sachs, the US investment bank. A number of buyers came forward for both individual properties and all six hotels, but prices offered were unsatisfactory.

The plan for hotel sales has now been suspended pending completion of the new deal, which takes up an earlier scheme to bring in outside investors into Ciga's property interests. However, the company may still pursue outright disposals, subject to agreement with its new partner, later in order to further reduce its debts.

Losses at Fimpar, the holding company, which controls Ciga, increased fourfold to L65bn from L15.3bn. Meridiana, the Aga Khan's fast-expanding Sardinia based airline, will be in the red this year after reporting a modest L1.3bn profit in 1991.

Pirelli amends shareholders' terms in proposed rights issue

By Haig Simonian in Milan

PIRELLI, the Italian tyres and cables group, yesterday bowed to pressure from minority shareholders in its Amsterdam-listed Pirelli Tyre Holding (PTH) subsidiary by amending the terms of its proposed rights issue announced in October.

Under the new proposal, disclosed at a shareholders' meeting yesterday, Pirelli is giving minorities in PTH more time to decide to subscribe to new shares being issued through the use of warrants. However, the timing for the rights issue, which will double PTH's share capital by raising Fl 465m ($260m), will remain unchanged.

The original proposal for a one-for-one rights issue at PTH's nominal share price of Fl 10 was criticised by minorities, which own 21 per cent of the company. Brokers complained the terms obliged them to subscribe to the new stock or see their holdings vastly diluted.

The announcement of the original plan triggered a 45 per cent fall in PTH's share price as minorities dumped shares ahead of the deal. Shares in PTH were sold at Fl 54 on flotation in June 1989.

The decision to revise the terms, taken in conjunction with Pirelli's advisers ABN Amro Bank and Pierson Heldring & Pierson, gives minority shareholders a six-month breathing space to decide whether to subscribe after the rights issue takes place next January.

Pirelli will underwrite the entire transaction and offer minority shareholders warrants, exercisable over a six-month period following PTH's AGM in June 1993, at a price equal to the shares' nominal value of Fl 10 each.

Minority shareholders will thus have time to assess PTH's financial performance throughout 1993 before committing themselves to buying new shares. Meanwhile, PTH will benefit from urgently needed new funds as soon as the rights issue takes place next January. The proposal to issue warrants has still to be approved by an extraordinary general meeting of PTH in early January.

Shareholders have already been warned that the outlook for the tyres business darkened in the second half, after an upturn earlier this year. The company warned that losses in the second half were likely to be higher than expected. PTH lost Fl 76.5m in the first six months of this year.

Trafalgar reports £30m loss

By Roland Rudd in London

TRAFALGAR House, the construction, engineering and shipping group, reported a loss before tax of £30.3m ($46m) after exceptional property write-downs of £138m to the year ended September 30.

Last year's pre-tax profits of £122.4m were restated as a loss of £38.5m in light of the Financial Reporting Review Panel's decision that property write-downs should be taken through the profit and loss account and not through reserves. The final dividend was held at 1.6p, making a total of 6p. Mr Allan Gormly, chief executive, said the group "will seek to establish a dividend level which can be sustained".

He said he was keeping his options open as to what the group could afford to pay in the future.

Trafalgar's ordinary and A shares fell by 6p to close at 89p and 86p respectively.

Mr Gormly signalled his disapproval of the decision by Hongkong Land, the Jardine Matheson-controlled Hong Kong property company, to enter into an option arrangement with a financial house to buy a further 36m shares, taking its Trafalgar stake above 20 per cent.

He said he had asked both the Stock Exchange and the Takeover Panel to look into the arrangement, but both said it was "right and proper".

Trafalgar is concerned that Hongkong Land will exercise a "significant amount of control" with a minority shareholding.

Group borrowings, including off-balance sheet debt, amount to £452.2m, giving gearing of 86 per cent.

Exceptional property write-downs, and the advance corporation tax write-off of £40.3m, reduced shareholders' funds by 21 per cent to £542.2m.

The group hopes to make a number of disposals. It said it had two interesting offers for the Stafford and Duke hotels which are valued by Trafalgar at £40m.

Sir Nigel Broackes and Sir Eric Parker, former chairman and chief executive respectively, are to receive compensation of £1.9m arising from early termination of their service agreements.

Sir Nigel is honorary president without a seat on the board while Sir Eric remains a deputy chairman until he reaches 60 next June.

There was a loss per share of 17p compared with a restated loss of 19.9p.

Lex, Page 16; Details, Page 24

Leading Swedish bank suffers cut in credit rating

By Robert Taylor in Stockholm and Tracy Corrigan in London

SKANDINAVISKA Enskilda Banken, Sweden's largest bank, yesterday suffered the third cut to its credit rating this year by Standard & Poor's, reflecting continuing concern over the severe troubles facing the country's banking system.

Svenska Handelsbanken, another leading commercial bank, also had its rating cut, while the ratings of Swedbank, a savings bank, and a number of mortgage companies, remain under review.

Despite the proposed package of strong support from the government for the banking sector, Swedish financial institutions still face serious difficulties.

"We would expect 1993 to be another very bad year for credit losses in Sweden," said Mr John Paulsen, a director of S&P. While the worst of banks' *property-related problems may* be over, broader credit losses in the commercial and personal loan areas, resulting from economic recession, are expected next year.

SEbanken, which started the year with a AA rating, yesterday had its $3.8bn of long-term debt downgraded from A+ to A-, with a stable outlook. S&P added that the change incorporated "an expectation of continued high levels of asset quality problems for the next few years".

Svenska Handelsbanken's $4.2bn of long-term debt was downgraded from AA- to A+, reflecting a sharp deterioration in the bank's asset quality due mainly to the depressed commercial property market.

S&P added that while Handelsbanken had "maintained stronger core earnings" than other Swedish banks, its long-term debt outlook was still "negative" due to deteriorating economic conditions. The drop from AA to A status is a crucial one for banks, since many institutions are *restricted from dealing with* counterparties rated less than AA.

Allied-Lyons' 2.5% rise in line with expectations

By Philip Rawstorne in London

ALLIED-LYONS, the UK drinks, food and retailing group, weathered depressed trading conditions worldwide to raise first-half pre-tax profits 2.5 per cent to £283m ($430m).

The result – broadly in line with market expectations – was achieved while the group was refocusing on its core businesses.

Capital investment and marketing expenditure were increased to £326m "to ensure long-term competitive strength", said Mr Michael Jackaman, chairman.

Group trading profit during the six months to September 19 fell from £379m to £372m on turnover reduced 2.9 per cent to £2.57bn (£2.65bn).

Translation of foreign currency trading profits had an adverse impact of £7m; but the second half is expected to show compensating gains.

Overheads were cut, particularly in the US and UK, and staff employed in continuing operations was reduced by more than 600.

Retailing profits were unchanged at £118m in spite of the disposal of 500 pubs.

Brewing and wholesaling profits were 6.3 per cent lower at £45m because of a £4m increase in bad debt provisions. Beer volumes and market share improved 1 per cent against a similar overall industry decline. Major brands performed well: Tetley Bitter volumes increased 8 per cent, and Castlemaine and Skol lagers gained 4 per cent.

Lex, Page 16; London Stock Exchange, Page 27

Bank rejects scheme to reshape Uni Storebrand

By Karen Fossli in Oslo

THE FUTURE of Uni Storebrand, the troubled Norwegian insurer, looked uncertain yesterday following a rejection by Uni's biggest creditor, West Deutsche Landesbank, of a plan to recapitalise the crippled group.

The board appointed by the Norwegian government to administer Uni said that it would seek a new solution to strengthen the group and did not rule out disposals.

The most saleable unit is the non-life insurance business which has an estimated 40 per cent domestic market share. But a disposal of this unit could be disruptive for the life business, which is the biggest investor in the Oslo bourse.

The failed recapitalisation plan called for, among other things, 70 per cent of NKr4.5bn ($690m) of debt to be converted to equity and a share issue to raise NKr1bn in fresh capital, but it relied on *the backing of Uni's creditors.*

The administration board said it would work to achieve a solution by next summer. West Deutsche Landesbank, which holds NKr1bn in Uni debt, has also suffered heavy currency losses on the debt.

The bank scuppered the recapitalisation plan – also rejected by numerous small creditors – and demanded cash reimbursement instead of payment in shares.

Racal and Chubb double dividend

By Richard Gourlay

RACAL Electronics, the UK communications group, and Chubb Security, which demerged from Racal in October, reported separate interim profits for the first time yesterday.

After profits rises broadly in line with expectations, Sir Ernest Harrison, chairman of both companies, announced a doubling of the combined interim dividend.

Details, Page 24

London is now a banker bet for the Swiss

Ian Rodger reports on the leading financial institutions' switch out of Zurich

WHEN a foreign subsidiary of a bank opens an outlet in the city in which its parent is based, something is up.

Crédit Suisse Financial Products (CSFP), the high-flying London-based swaps and options affiliate of the leading Swiss bank, has just done it, opening a representative office in Zurich.

This cheeky move is only the latest of many steps taken by the three top Swiss banks – Union Bank of Switzerland (UBS), Swiss Bank Corporation (SBC) and Crédit Suisse – which reveal a pattern of centring more and more operations in London while letting their Swiss bases slide gently and parochially towards the sidelines.

UBS and CS Holding, the parent company of Crédit Suisse, each employ more than 2,000 people in London, compared with only a few hundred 10 years ago. SBC employs 1,000 in London.

At a time when Germany is promoting Frankfurt as a European financial centre, this build-up provides welcome *reassurance for those worried* about the future of the City of London. The Swiss, at least, have no doubts. In their view, no other European city can hope to challenge the City as an international financial centre for the foreseeable future.

The Swiss may even help London maintain its pre-eminence. They have established themselves in the past two years among the world's leaders in the new high-tech game of using financial derivatives, mainly swaps and options, to help clients – and themselves – control risks in their investments. And London is their main base for these activities.

"London is the central information point. There is a different quality of professional dialogue here than in any domestic market," says Mr Bruce Brittain, managing director of capital markets and treasury at SBC in London.

Like many other large banks with international operations, the big three Swiss banks have had outlets in London for decades. But, while many other foreign banks have reduced their presence in the City in the past few years, the Swiss have continued to expand.

This is perhaps best symbolised by the rather grand City premises of UBS and SBC. More concretely, it is apparent in the range and scope of the activities the big three undertake there. Their concentration of Euromarket business, excluding Swiss franc issues, in the City is similar to that of other international banks.

Yet it is unlikely that French or German banks will follow in putting most of their European investment and corporate banking in London. They believe they can compete from the home bases.

On the Swiss trend, an Italian banker remarks: "We see Swiss bankers in our country a lot more than we used to, and they are coming from London, not from Zurich."

The big three Swiss banks have nurtured institutional fund management services in London and have even beefed up their private banking operations in the City, apparently in response to the preference of more of their rich individual clients.

UBS has gone a step further than its rivals, taking major shares in some UK domestic financial markets through its acquisition, starting in 1984, of the front-line UK equities firm, Phillips & Drew.

To an extent, these moves reflect the decline of Zurich. Until the 1980s, Zurich was the pre-eminent European foreign exchange market. It has lost that title to the City, and the Swiss banks have, like others, boosted their dealing presence in London.

Swiss tax laws have driven away securities transaction related business, such as broking and fund management, even in Swiss securities. Crédit Suisse felt obliged to have its London branch take out a London Stock Exchange membership last summer to keep pace with rivals.

S*wiss restrictions on* immigration and worker-friendly employment policies are also factors. "Labour laws are very important. It costs you a fortune to change people in some European countries. Here, my maximum commitment is six months," says Mr Rudolf Müller, executive vice-president for Europe of UBS in London.

Mr Jean-Christian Cheysson, managing director of CSFP, recalls that, when his company faced the challenge of forming a team of 300 people in a very short time to service its complicated transactions, "it was easy in London; it would have been impossible in Zurich."

None of the big three publishes figures on the size and profitability of their London operations, but they give clues. SBC says the capital employed in its London-based businesses is roughly equivalent to that of SG Warburg, the largest UK investment bank. Credit Suisse says about one-fifth of its total capital is tied up in London operations.

For UBS, London is the most important foreign centre. Mr Müller says more than half its foreign profits last year came from London. For SBC and CS Holding, US operations are still larger than those in London, mainly because of long-established commercial banking activities. CS also has a 64 per cent stake in US investment bank, CS First Boston.

The banks' performance in London is less impressive. SBC and UBS made profits there last year for the first time *since 1986 and 1987 respec*tively. Credit Suisse and SBC have figured prominently among the creditors to companies controlled by the late Mr Robert Maxwell and other large UK bankruptcies.

The three are confident that their troubles in London are now behind them, and the word in Zurich is that they made killings during the recent currency market turmoil. But they have yet to show that they can make triple A quality returns in London or anywhere abroad.

All three expect that, within a few years, most profits will come from abroad, which raises the question whether they will effectively, if not formally, move their headquarters to London.

Mr Georges Streichenberg, executive director for international finance at SBC, diverts the question. "With modern communications, it does not make much difference where you are, but we could not call ourselves Swiss if we were in London."

Paradoxically, the banks seem to be increasing central control in Zurich and Basle, partly in response to bad lending experiences abroad and partly because of the increasingly large and complex risks involved in derivatives business.

Last summer, UBS appointed Mr Pierre de Weck as executive vice-president for Europe, based in Zurich, and made clear that he would rank ahead of Mr Müller in London, who *carries the same title.* Mr Georges Blum, who will become chief executive of SBC next April, says that the freedom of individual units "has been very largely reduced".

Mr de Weck also wants to build up expertise in Zurich as well as London. "Being a Swiss bank, we need to have capabilities in both centres," he says. But neither he nor any other Swiss banker talks of cutting back in London.

Veba chief warns of 14% fall in profits for full year

By David Waller in Frankfurt

VEBA, the big industrial conglomerate based in Düsseldorf, has warned that net profits for the full year will probably fall by 14 per cent.

Mr Klaus Piltz, chief executive, made no comment on the likely outcome for pre-tax profits, which fell by nearly 20 per cent in the first nine months to DM1.2bn ($753m). Net profit for the whole of last year was DM1.22bn, fractionally above the previous year's result.

The dividend will be held at DM12 per share, Mr Piltz confirmed. Veba was one of the few big German companies to raise its dividend last year, and its decision to hold this year's pay-out may not be matched by other German chemical groups.

Mr Piltz said Veba planned to cut 7,000 jobs by 1993, 5,000 of them from the chemicals sector, saving DM400m to DM500m a year.

Berliner Bank climbs 60%

BERLINER Bank, which earlier this year merged with three other Berlin banks, reported partial operating profits up by 60 per cent to DM286.1m ($179.5m) in the first 10 months of the year compared to the same period last year, writes **David Waller in Frankfurt.**

Most of the rise reflected the merger of Berliner Bank with Landesbank Berlin and Berliner Pfandbriefbank, together with one smaller institution.

Solvay warns profits will be lower than last year

By Paul Abrahams

SOLVAY, Belgium's largest chemical group, yesterday downgraded its profits forecast, warning that its net profits would be lower than the BFr11.69bn ($356m) last year.

The group said the general slowdown in European economic activity was to blame for the profits warning. In July, the company had said full-year results would be broadly comparable with 1991.

The profits warning follows a series of poor results by German chemical groups, reflecting the slowdown in the German economy.

Solvay is the second-largest European manufacturer of PVC, but prices have been hit by overcapacity and imports from former eastern bloc countries. Operating earnings last year from plastics fell 81 per cent to BFr1.7m. The interim dividend is unchanged at BFr100 per share.

Chase applies some polish to its image

Alan Friedman reports on the US bank's move to expand its operations worldwide

THE name remains a legend, but lately it has become a trifle tarnished.

Mr Arthur Ryan, president of *Chase Manhattan*, is the first to admit the famous New York-based banking group's image suffered because of errors made during the 1980s.

But Mr Ryan, highly regarded by Wall Street analysts for his hands-on management of Chase, is equally keen to point to the recovery he and his colleagues have engineered since he took over as president in October 1990.

"Two years ago, the bank was clearly in a serious problem state. We were in more businesses than we should have been. We didn't listen to the market. We had credit quality problems, and we had to change the broader game plan for Chase because of a changed business environment," says Mr Ryan.

The problems were real enough. The bank's return on equity was negative in 1990, following a $334m loss caused by a $1.3bn bad debt provision related to problem commercial property loans.

Annual operating expenses were excessive at 78 per cent of total revenues. And the bank's ratio of common equity to total assets was an anaemic 3.97 per cent.

"I would have to say that the name of Chase was damaged back in 1990. That's a fair characterisation. As I travelled around the reaction was 'Chase is not doing well. What's wrong?'" recalls Mr Ryan, an affable 50-year-old who made his name building up Chase's profitable retail banking operations.

Mr Ryan also admits that when he took over he found Chase could no longer rely on the blue-chip cachet of being "the Rockefeller bank," a legacy associated with the tenure of Mr David Rockefeller as chairman and chief executive in the 1970s.

There was, however, a great deal of sympathy for the Chase name, one of the legends in world banking. "What we have done is to turn that into a plus for us."

To do that, Mr Ryan, along with the top management and Mr Tom Labrecque, chairman of Chase, introduced a series of harsh measures. The one that surprised Wall Street the most came in the autumn of 1990, when Chase halved its dividend.

The bank also moved to reduce its workforce by 12 per cent to reduce annual operating costs by $300m, to sell retail banking businesses in the UK, Italy and Spain, to dispose of $400m of UK mortgage assets, and to sell property assets in Europe, starting with its office building in Frankfurt.

CHASE MANHATTAN AT A GLANCE ($m)	1988	1989	1990	1991	1992 (first 9 months)
Net income	1,059	(665)	(334)	520	470
Bad debt provisions	750	1,737	1,300	1,085	915
Net loan write-offs	714	1,182	1,754	1,927	912
Common equity cap. ratio	4.27%	3.82%	3.97%	4.36%	5.04%
US commercial property loans	7,122	9,163	9,061	8,603	7,384
Non-performing US commercial property loans and foreclosed loans as % of total commercial property loans	8%	10%	26%	35%	39%

Source: Chase Manhattan

The cost cuts have proved successful, with staff numbers now at 35,000, some 8,000 lower than the 1990 peak, and the annual operating base $300m lower at $3.8bn, down to 65 per cent of total revenues.

The common equity capital ratio has been strengthened significantly, to 5.04 per cent. And the bank has made heavy bad debt provisions and is working its way through the problem property loans. Net profits were back to $520m in 1991 and could rise to $600m for the whole of 1992.

As Mr Tom Hanley, senior banking analyst at First Boston, puts it: "The Chase turnround is progressing on target. The goals that have been set are clearly being met in terms of asset quality, capital and expense management."

But at the heart of the turnround is a strategic redirection of the bank that is also on track.

Mr Ryan sums it up as an attempt to be strong in domestic retail banking (in the north-east of the US and not nationwide), while focusing international operations less on branch networks and more on wholesale businesses, such as corporate finance, risk management and clearing and information services.

"This kind of strategy has worked well for Deutsche Bank and Union Bank of Switzerland. It should also work for Chase," Mr Ryan notes.

Chase's planned turnround is also distinctive from other US banks because Chase says it does not feel the need to merge with another institution and would rather concentrate on its chosen market niches.

In earnings terms, Chase's corporate finance made an estimated $130m last year, the risk management business produced about $55m of income and the Infoserve division, one of the biggest US dollar and D-Mark clearers in the world, had more than $100m of profits. These figures compare with an estimated $250m from US consumer products, $90m from US branch operations and a further $90m from international private banking client businesses.

Although these are all improving results, Chase has faced average quarterly losses from commercial property loans of about $100m, a level expected to continue into 1993.

The goal at Chase is to increase revenues from non-US businesses from the current 34 per cent to half of the total by the middle of the 1990s by targeting borrowers and investors and offering them a worldwide network of services.

Mr Ryan reckons only 10 to 15 banks in the world will be truly competitive players in this range of services, of which only five will be American. Chase wants to make sure it is among those five.

First Boston's Mr Hanley maintains the goal is realistic: "If, as I believe, international banking will come back into favour during the 1990s, then Chase is one of the best positioned American banks to benefit."

Arthur Ryan: highly regarded for hands-on management style

Wall Street recognises the repositioning of Chase Manhattan has not been easy – and that it is by no means complete. The bank's stock price reflects as much.

While it has recovered from its low in 1990 of under $10 per share, and has hovered in recently in the range of $25 to $27, the price is still below its 52-week high of $30⅞.

Mr Ryan says he would like to see Chase's relative success at meeting its goals for the 1990s measured in two ways.

First, he wants to see the bank's return on equity rise to 15 per cent from its present 11.2 per cent and its annual expenses-to-revenues ratio drop to 60 per cent.

Second: "We will measure our position as a major global institution by seeing what the market place says about us," notes the Chase president.

The aim, therefore, is to burnish a legendary name in world banking.

Difficulties seen in sale of Fluor lead unit

By Kenneth Gooding, Mining Correspondent

BANKERS and analysts suggested yesterday that Fluor Corporation, the US-based international engineering group, would have great difficulty disposing of its Doe Run subsidiary, America's biggest integrated lead business.

"Doe Run has been up for sale for about four years and I doubt if they will find a buyer now," said one banker.

"The price has come down considerably in recent months – Fluor is practically giving it away. But lead is not a business people want to be in, particularly in the US."

Fluor said on Monday it would take a charge of about $95m to 1992 net earnings to cover the cost of the disposition of Doe Run. This included an loss after tax of $17m.

Mr Jeffrey Zelms, Doe Run's president, said various methods for Fluor to divest itself of his company would be considered during the next year.

These might include outright sale to a third party, a management buy-out, a sale of Doe Run shares to the public or a distribution of shares to existing Fluor shareholders. Fluor has retained Merrill Lynch as investment adviser.

Mr Zelms said the $95m charge included a reserve for clean-up obligations related to Doe Run's past operations while "we believe we are regularly improving the situation so as to keep clean-up costs to a minimum".

Doe Run owns six mines, four mills and two smelters. A strike at its Herculaneum smelter since July 30 has cut production to 50 to 60 per cent of capacity.

Mr Euan Worthington, head of mining research at S. G. Warburg Securities, said a pound of lead was cheaper than a pound of potatoes.

"No one wants to produce it. But one day the price will rise and when, for example, people have to pay $300 each for lead-acid batteries to keep their cars going, they will understand lead is an essential metal."

Loan losses hit RBC earnings

By Robert Gibbens in Montreal

THE ROYAL Bank of Canada, after nearly doubling loan loss provisions in the fourth quarter, saw net income drop to C$107.3m (US$83.6m) for fiscal 1992, from C$983m a year earlier.

After preferred dividends, the country's biggest chartered bank showed a net loss of 5 cents a share, against profit of C$2.92 a share in fiscal 1991.

It had warned provisions would increase by C$900m in the quarter, bringing the year's total to more than C$2bn.

More than half the extra provision related to the depressed Toronto property market. All the bank's estimated C$780m exposure to Olympia & York Developments was placed in the non-performing category.

Mr Allan Taylor, chairman, said that, despite the severe problems in property and domestic corporate loans and C$130m of restructuring costs, retail banking did well with strong growth in residential mortgages and personal savings business.

The treasury group did well and the investment banking subsidiary posted record profits. International business was less profitable, partly due to higher provision.

At October 31, total net non-performing loans were C$3.5bn, up C$1.4bn on a year earlier. The domestic loan portfolio accounted for C$1.1bn of the increase. Total net loan loss provision stood at C$2bn, against C$605m a year earlier.

The fourth-quarter net loss was C$473m, or C$1.63 a share, after the increase in provisions, against net income of C$260m, or 75 cents, a year earlier. Total assets at October 31 were C$138bn, up 4 per cent from a year earlier.

Arco to sell oil and gas sites

By Alan Friedman in New York

ARCO, the US oil and gas group, has agreed to sell 146 onshore US oil and gas properties for a total of $362m.

The property disposals are part of Arco's previously-announced programme to reduce overall costs and to focus on core holdings by selling non-strategic assets.

Arco said the sales would be part of its plan to sell properties valued nearly $600m by year-end.

The sales will be made in three separate transactions.

Argentina in $2bn privatisation

By John Barham in Buenos Aires

ARGENTINA today will carry out its largest privatisation to date when it sells off Gas del Estado, its state-owned gas company, for more than $2bn.

The government is expecting bids from consortia comprising companies ranging from British Gas to a clutch of regional North American operators, all allied with local companies. Each consortium is competing for control of one of 10 independent business units which will make up the privatised and deregulated gas industry.

Argentina has already sold the national airline, telephone network, manufacturing companies, plus part of its electricity industry and railway system. Next year, it will begin privatising YPF, the oil company, valued at $8bn.

The 10 gas units include two transmission companies and eight local distribution companies, the largest valued at over $1bn and the smallest at under $50m. Each unit will be awarded to the consortium with the largest offer – in cash or debt instruments – over the minimum cash price.

Together, the 10 units' minimum price totals $680m. The successful bidders will also have to take on $947m in short and long-term debt and promise to invest at least $550m in the companies over five years.

The government is selling 60 to 90 per cent of each unit, and will later float its shares, averaging about 20 per cent in the companies, on local and international equity markets, while the rest will be held in trust for employees.

An independent regulator will oversee the industry and enforce competition between companies.

INTERNATIONAL COMPANIES AND FINANCE

Bank of Tokyo acts to aid loan-burdened affiliate

By Robert Thomson in Tokyo

BANK OF Tokyo, the Japanese foreign exchange specialist, is helping to restructure a non-bank affiliate, BOT Lease, which is burdened with an increasing amount of non-performing loans to troubled property developers.

The case highlights the close relationship between Japanese banks and the so-called non-banks, which have been blamed for fuelling property and stock speculation during the late 1980s. Many of the non-banks are affiliates of commercial banks, and heavily reliant on them for funds.

At the end of March, BOT Lease had about Y600bn ($4.9bn) in borrowings, including about Y170bn from the Bank of Tokyo, which has set aside Y20bn in loan-loss reserves to relieve some of the pressure on the leasing and financial company.

BOT Lease, founded in October 1979, was involved in the leasing of office equipment and ships, but later became heavily exposed to the property market, which has collapsed over the past two years.

The leasing company apparently provided funds to other non-banks, some of which were also exposed to the property market and have since been unable to repay the loans, adding to the pressure on BOT Lease.

Apart from forgiving Y20bn in loans, the bank is likely to accept lower-than-market rate repayments on its remaining debts from BOT Lease, which is to review employee numbers and its branch network.

The leasing company plans to trim staff and restructure the organisation, as well as make a third-party share allocation to lift its capital from Y1bn to Y5bn. BOT Lease expects a loss this year, but is forecasting a return to profitability in the following year.

US group in Hungary venture

By Nicholas Denton in Budapest

COLUMBIAN Chemicals, the industrial chemicals subsidiary of Phelps Dodge of the US, yesterday announced a $55m joint venture in Hungary to produce carbon black, the material used in manufacturing rubber and car tyres.

Columbian is taking a 60 per cent stake in Columbian Tiszai Carbon, the new entity, in partnership with Tiszai Vegyi Kombinat (TVK), Hungary's largest chemicals company, which will hold the remaining 40 per cent.

The $55m planned investment will be part-financed with a $33.5m loan package involving Overseas Private Investment Corporation, the US government investment promotion corporation, and the European Bank for Reconstruction and Development, the London-based multilateral institution aiding eastern Europe.

The joint venture partners said that the new carbon black factory on TVK's Tiszaujvaros site in eastern Hungary would use by-products from existing refining facilities at the same location and so enjoy substantial savings on transport costs. Excess gas from the plant would in turn generate steam for TVK's other operations.

Columbian, the world's second-largest carbon black producer, said that half of the planned 50,000 tonne annual production would go for export to help meet west European demand.

The company added that it expected to benefit in the longer-term from the influx of car companies into Hungary, which executives expected would be followed by an investment by a leading international tyre manufacturer.

Columbian investigated existing carbon black plants in eastern Europe but decided to avoid involvement because of the cost of bringing the old facilities, which have a terrible reputation for pollution, up to acceptable environmental standards.

Cabot of the US, the world's largest producer of carbon black, took a different route in forming a joint venture earlier this year with Deza, an established producer of the material in the Czech republic.

Plutonic bids for rival gold miner

By Bruce Jacques in Sydney

PLUTONIC Resources, the Western Australian gold miner, yesterday continued the trend towards rationalisation in the gold mining industry by bidding almost $A81m (US$55.3m) for rival mining group Forsayth NL.

Plutonic is bidding 25 cents cash a share for Plutonic and has already reached agreement to buy an 18.4 per cent interest in the company from FAI Insurances at the same price.

However, Forsayth shares quickly moved above the bid price, gaining 3 cents to 26 cents on Australian stock exchanges yesterday.

Forsayth directors advised shareholders to take no action on the offer.

Plutonic plans to fund its bid mainly through its $A70m cash holdings, built up through proceeds of the rich Plutonic mine.

The company is one of the few cashed-up and debt-free West Australian gold miners and has been looking for acquisition targets for some months.

In contrast, Forsayth is recovering from a string of losses, returning to the black with a $A5.6m net profit in the latest year.

FAI Insurances directors said yesterday that the company had made a profit of more than $A8m on its sale of Forsayth shares to Plutonic.

NTT bond issue aims to cut risk for investors

By Emiko Terazono in Tokyo

NIPPON Telegraph and Telephone, the Japanese telecommunications company, is preparing to launch a straight bond issue this week of between Y50bn and Y100bn ($403-$806m).

The issue will use the fixed-price method, which will include some alterations intended to reduce risk for investors and activate the secondary market.

The issue will be the first to be sold in Japan that allows investors to trade the bonds during the offering period. Under current market practice, investors are forced to hold bonds until the offering period is over, making bondholders vulnerable to market movements.

NTT will also remove the call option clause, giving issuers the choice to redeem bondholders before maturity. The move will allow institutional investors to use corporate straight bonds as hedging instruments against government bonds.

Last December, NTT launched Japan's first fixed price deal, paving the way for other Japanese companies to use the fixed price re-offering system in the domestic bond market.

Mr Masaaki Nogawa, deputy general manager of NTT's finance and treasury division, said he hoped the new issue would enhance liquidity of the domestic secondary market, which is virtually stagnant.

Domestic corporate bonds have traditionally been issued using the "proposal method", where underwriting is awarded to the most competitive bid. The excessive competition for underwriting contracts led to unrealistic offering prices.

Details of the deal, led by Nikko Securities and Morgan Stanley Japan, have yet to be decided, but NTT expects the amount to total between Y50bn and Y100bn depending on investor demand. The issue will have a maturity of seven to 10 years.

See Capital Markets

Bleak winter for industrial Japan

Sharp falls in profits reflect weak demand, writes **Emiko Terazono**

FOR THE past few weeks, haggard corporate executives have filled the press room of the Tokyo stock exchange, painting daily a bleak picture of company balance sheets and earnings prospects.

The latest six-month reporting season has been a grim business, with Japanese companies turning in their steepest profit declines in 17 years. Hopes for an early economic recovery have dimmed.

Most companies have announced cuts in executive salaries, staff and capital spending.

Japanese manufacturers have been hit by weak domestic demand and high depreciation. Some of the country's most famous companies have announced losses - and the pattern of returns would have been far worse but for the way large sections of industry deferred losses on securities investments.

For the six months to September, pre-tax profits at Japan's leading 516 manufacturers fell 38 per cent on average, and the Nomura Research Institute is predicting a 30 per cent fall in earnings for the full year to March 1993.

The sharp profit falls at carmakers and electronics companies reflect the severe decline in domestic consumer spending. Electronics makers - notably Matsushita - have been hit by market saturation of video machines, televisions and stereos, and the sated consumer appetite for upgraded versions of appliances.

Matsushita, the largest consumer electronics maker, posted a 66 per cent fall in consolidated pre-tax profits, while Sony fell 61 per cent. The rise in inventories forced NEC and Sanyo Electric to hand out vouchers as part of employees' winter bonus payments.

JAPANESE INDUSTRY
% declines year on year

Sector	Sales	Pre-tax profit
Pulp and paper	4.8	60.7
Chemicals	3.5	38.0
Steels	7.4	60.7
Pharmaceuticals*	4.4	4.0
Machinery	8.8	50.0
Electronics	5.5	54.9
Motors and components	1.6	52.8

*increase

Source: Wako Research Institute

Carmakers were hurt by a 20 per cent fall in new car sales. Nissan Motor (which saw its first pre-tax loss) and Mazda (which posted a 73 per cent profits fall) were hit by surging depreciation costs due to aggressive capital investments.

The weakness in the motor and electronic industries filtered through to the machinery, materials and chemicals sectors.

The steel industry saw a 60 per cent fall in pre-tax profits. NKK maintained pre-tax profits, but had to take in a Y13bn ($104.83m) profit on stock sales to do so: Kobe Steel did not include appraisal losses on securities for the half-year.

Many industrial equipment makers misjudged the sharp fall in capital spending.

Minebea, the world leader in miniature bearings, posted special losses of Y2.4bn due to inventory liquidations at NMB Semiconductor, its semiconductor subsidiary, and other affiliates.

Companies which at the peak of the bull market used valuation gains on securities investments to bolster earnings saw the value of their holdings tumble.

With the Nikkei average down 55 per cent from its 1989 peak, Minebea posted a Y2.9bn valuation loss. Fuji Heavy Industries increased profits for the first time in three years by postponing a write-off of Y1.2bn for stock appraisal losses.

The prolonged weakness of the Tokyo stock market also hurt those companies which raised finance through equity-linked bonds in the late 1980s. Since the funds were raised when stock prices were at their peak, many equity-linked instruments have failed to be exercised, leaving companies with redemptions on bonds.

For example, Wacoal, the leading underwear maker, repaid investors for warrant bonds worth Y11.6bn. Redemptions of convertible and warrant bonds are expected to peak next year, with some Y10,000bn worth of paper maturing.

Wacoal said its cash in hand and deposits fell due to the repayment, leading to a decline in interests received.

Many other companies have also dipped into their cash reserves due to the fall in sales and profits.

In contrast, high-technology toymakers posted strong profit increases, with pre-tax profits surging 83 per cent to Y27.4bn at Sega Enterprises, the video game maker. Its rival, Nintendo, improved by 5.5 per cent to Y80.2bn. Aoki International and Aoyama Trading, retailers of cheap office workers' uniform blue suits, saw firm increases in sales and profits.

The key elements of an earnings recovery will be capital spending and domestic demand. But the outlook is gloomy. The Ministry of International Trade and Industry says companies are planning to cut capital investment for the year ending March 1993 by 11.9 per cent and heading for a similar cut for the year ending March 1994. Economists are reluctant to predict a rebound in consumer demand.

However, construction companies - major beneficiaries of the government's public works projects - may lead the way to an earnings recovery. Ms Kathy Matsui, strategist at brokers Barclays de Zoete Wedd in Tokyo, is recommending leading exporting companies, such as electronics groups, on the back of the yen's expected weakness against the dollar together with a recovery in the US economy.

Japanese manufacturers are clearly trying to adjust to low growth, and may emerge leaner and stronger from the sharp profit downturn. However, with companies slow to implement use the sort of painful measures taken by Japan's western counterparts - notably in relation to workforce levels - any earnings recovery may take longer than most Japanese executives hope.

Turkish government to rescue Denizcilik Bank

By John Murray Brown in Ankara

DENIZCILIK Bank, Turkey's maritime bank, has become the second bank this year to be rescued by the government. Denizcilik's operations are being taken over by the state-owned Emlak Bank.

Emlak will take over Denizcilik's balance sheet, its 41 branches as well as more than 1,000 bank personnel. The bank had assets of TL2,314bn ($279m) at the end of 1991. It suffered a loss on operations of TL88bn, compared to a loss of TL483bn in 1991.

Denizcilik was earmarked for privatisation. However, like Tobank, taken over by state-owned HalkBank, the government did not find a buyer.

Toronto luxury hotel goes into receivership

By Robert Gibbens in Montreal

SUTTON PLACE, one of Canada's best-known luxury hotels and part of the Kempinski world franchise, has gone into receivership.

The owners are German investors in limited partnerships managed by Lehndorf, a Toronto property group which is trying to restructure heavy borrowings.

The 33-storey hotel, a Toronto landmark, carries about C$30m (US$23.3m) in debt, partly held by a banking group led by Fuji Bank Canada.

Sutton Park will continue to operate normally and has two potential buyers, Lehndorf said.

INTERNATIONAL CAPITAL MARKETS

SEC issues warning over derivatives operations

By Tracy Corrigan

THE derivatives operations of investment banks are in danger of slipping outside the jurisdiction of securities regulators, Mr Carter Beese, a commissioner of the US Securities and Exchange Commission, warned yesterday.

Speaking at a conference arranged by Risk magazine, Mr Beese said he was concerned that "current SEC capital rules have created an incentive to run over-the-counter derivatives books out of unregulated affiliates". He said there was anecdotal evidence that securities firms had been shifting derivatives business offshore, where regulatory regimes were less onerous, or into off-balance sheet derivative units, out of the reach of regulators.

While recognising there is "a fair argument to be made" that segregating risks into entities that do not hold customer funds and securities is a good policy, he warned that "if we follow current practice, regulators will end up stubbornly standing guard over a shrinking core of the retail-related markets, while ceding growing portions of institutional and cross-border finance to the unregulated arena."

While a few specialist derivatives vehicles have been established so far, over half a dozen US banks and securities houses are considering setting up such units next year.

Last summer, the SEC adopted risk assessment rules which give it new powers to look at the scope and nature of risks in such affiliates. Under the new rules, which come into force next year, firms have to file quarterly summaries that include a breakdown of their exposure in off-balance sheet deals.

● Speaking at the same conference, Mr Pen Kent, an executive director of the Bank of England, said concern over extra risks created by the growth of the derivatives markets had been overstated in some quarters. Derivatives markets "have on balance reduced rather than increased risk," he said.

Domestic and foreign enthusiasm greets UK's $3bn Euro-issue

By Brian Bollen

THE UK government accelerated the pricing on its $3bn 10-year Eurobond after what joint bookrunners Credit Suisse First Boston and S. G. Warburg Securities described as a textbook distribution.

INTERNATIONAL BONDS

Demand was reported to be evenly spread across the far east, middle east, continental Europe and the UK, where there was slightly higher than expected interest from domestic institutions. Some of the UK investors are thought to have switched out of US Treasuries to buy the bonds.

The issue, the biggest international dollar bond yet, was priced yesterday, a day ahead of schedule, to yield 22 basis points over US Treasuries.

This is at the bottom end of the indicated range, and is said to represent the tightest pricing yet for a sovereign 10-year borrowing, other than on tax-related deals. The coupon was set at 7¼ per cent.

The government was widely commended for the size and the pricing of the issue, which neatly rounds off the Ecu10bn foreign currency borrowing programme announced on September 3.

Earlier market chatter, which some bankers dismissed contemptuously, had suggested the amount might be as much as $4bn to $5bn, with pricing in the 18 to 20 basis points range.

There was never any contemplation of an increase, said the bookrunners, despite the warm reception. There will be no further borrowing under the programme unless an unmissable opportunity presents itself to refinance the Ecu5bn revolving credit facility.

The only reported signs of disappointment came from houses who said their tickets were too small and from New York investors disappointed that the borrower did not opt for the global issue structure.

Traders reported that good two-way activity in early trading after the issue broke syndicate confirmed its popularity and liquidity.

"We're naturally very pleased with the outcome and feel that these fine terms reflect very well on the credit standing of the UK government," said Mr Ian Plenderleith, associate director of the Bank of England responsible for market operations.

Other deals in an exceptionally busy day were overshadowed by the UK's borrowing. The volume of equity warrant bonds from Japanese issuers caused some concern among lead managers. They noted, however, that the issues were helped by being relatively small and, in the case of three out of four of the dollar issues, being guaranteed by banks. The guarantees helped cut the coupons slightly on these deals from otherwise prevailing levels.

KfW International's £150m 5½-year bond was described as a touch demanding in comparison with existing paper. KfW is understood to have swapped the proceeds of the BZW-led transaction into floating rate dollars at between 20 to 25 basis points under the London interbank offered rate.

The rash of collared floater issues continued with a $150m 10-year deal for Eurofima, the Basel-based rolling stock company, through Goldman Sachs. The issue's slightly long payment date is thought to be its one drawback, although Goldman Sachs reported it had been well received, particularly in Switzerland.

UBS Phillips & Drew reopened the collared FRN it launched earlier for Eléctricité de France, in response to existing demand. The amount was increased to $150m from the original $100m.

● Belgacom, the 100 per cent Belgian state-owned telephone monopoly, has become the first Belgian corporate borrower to be awarded a long-term triple-A rating for its debt, albeit only for debt denominated in Belgian francs.

Standard & Poor's, the US credit rating agency, assigned the rating to a BFr15bn, eight-year 8.2 per cent bond which was launched yesterday through Générale de Banque and Banque Paribas.

This marks the utility's first public borrowing in its new name and without an explicit state guarantee, although S&P notes that the government will have "economic and political incentives to assure timely support".

Belgacom was previously called Régie des Téléphones et Télégraphes. Partly thanks to the size of the borrowing, the largest ever public issue in Belgium, international investors might be approached, particularly those in the Netherlands and Luxembourg.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
United Kingdom	3bn	7.25	99.85	2002	32.5bp	CSFB/SG Warburg
NGK Spark Plug Co.(a,c)♦	200	2.75	100	1996	2¼/1½%	Yamaichi/ Nomura
Eurofima(b)‡	150	(b)	99.3	2003	50/25bp	Goldman Sachs Int.
Lion Corp.(d)♦	100	2.625	100	1996	2¼/1½%	Daiwa Europe
Nippon Comeys Corp.(d)♦	60	2.625	100	1996	2¼/1½%	Nikko Europe
Electricité de France(e,b)‡	50	(b)	99.75	2002	50/30bp	UBS P&D Securities
Honen Corp.(c)♦	50	2.625	100	1996	2¼/1½%	Nomura Int.
Sunkyong Industries(f,g)♦	25	(f)	100	1997	2¼/1½%	Nikko Europe
Columbus 3 Int.Finance(j)	80	5.65	100	1997	-	Salomon Bros.Int.
Columbus 3 Int.Finance(k)	20	7.65	100	1997	-	Salomon Bros.Int.
YEN						
Nippon Light Metal Co.	20bn	5.6	101.775	2000	1⅞/1.7%	Nomura Int.
Nippon Light Metal Co.	20bn	5.3	101.65	1998	1⅞/1¾%	Yamaichi Int.(Europe)
Ishihara Sangyo Kaisha	10bn	5.7	101.6	2003	2/1¾%	Yamaichi Int.(Europe)
Ishihara Sangyo Kaisha	10bn	5.35	101.5	1998	1⅞/1.725%	Nomura Int.
D-MARKS						
GECC	250	7.375	101.7	1999	2¼/1.95%	Swiss Bk.Cp.(Deutsch.)
STERLING						
KfW Int.Finance Inc.	150	7.875	99.994	1998	25bp	Barclays de Zoete Wedd
BELGIAN FRANCS						
Belgacom	15bn	8.2	100.95	2000	1.35/1.05%	Generale Bank
SWISS FRANCS						
Sharp Corp.(f,h)♦**	500	2.5	100	1996	-	Crédit Suisse
Sekisui Jushi Corp.(i,l)♦**	100	2.375	100	1998	1⅝/1½%	Nomura Bank(Switz.)
Ohki Corp.(d)♦**	60	2.5	100	1996	1⅝/1½%	New Japan Bank(Schweiz)

Final terms and non-callable unless stated. **Private placement. ♦With equity warrants. ‡Floating rate note. a) European $100m tranche led by Yamaichi Int.(Europe), Asian $100m tranche by Nomura Singapore. Tranches are fully fungible. b) Coupon pays 25bp below 6-month Libor. Minimum coupon 5⅛%, maximum 8¼%. c) Final terms fixed on 8/12/92. d) Final terms fixed on 7/12/92. e) Fungible with outstanding $100m launched on 4/11/92. Plus 18 days accrued interest. f) Final terms fixed on 3/12/92. g) Coupon indicated at 5½-6% and conversion premium at 3-5%. h) Callable with 60 days notice on 17/12/94 at 101% and on 17/12/95 at 100½%. i) Callable on 17/12/94 at 102% declining by ½% semi-annually. j) Senior tranche of $100m issue. k) Junior tranche of $100m issue.

French bonds rally as speculation increases over devaluation of franc

By Sara Webb in London and Patrick Harverson in New York

FRENCH government bonds rallied up to half a point on hopes of lower interest rates, as the performance of the French franc in the foreign exchange markets continued to come under close scrutiny.

Dealers said that as the French franc came under pressure against the D-Mark – moving from DM3.40 to approach DM3.41 - there was increased speculation that the French currency might be devalued or even pulled out of the European exchange rate mechanism, paving the way for the Bank of France to cut domestic interest rates.

GOVERNMENT BONDS

The December bond future contract ended at 110.16, up 0.50, while in the cash market the yield on the bond due 2003 ended at 8.26 per cent, against its previous close of 8.33 per cent.

■ THE Bundesbank again stressed its commitment to keeping domestic interest rates high in order to conquer inflation, putting a dampener on several of the European government bond markets at the opening yesterday.

The German government bond market fell in the morning following the publication of a newspaper interview with Mr Helmut Schlesinger, the Bundesbank president, who said there was no room for monetary policy easing in the near-term. He added that German money supply growth and inflation were too high.

The March Euromark futures contract fell sharply from 92.11 to 91.92 as hopes of lower interest rates were dashed.

However, after a weak start to the day, German government bonds picked up and prices closed either slightly firmer or little changed. The Liffe bund futures contract, which closed Monday at 91.04, fell to a low of 90.93 and then traded up to 91.05 by late afternoon.

Treuhand, the German privatisation agency, issued DM4.0bn of 10-year bonds with a coupon of 7⅜ per cent and at an initial price of 100.50. The bond was priced to yield 7.30 per cent at issue. Additional portions of the bond will be sold via the traditional bond consortium, the results of which are due today.

Dealers said the issue was not well received. While the issue is deliverable into the DTB bund futures contract, it will not be deliverable into the Liffe bund contract until the June 1993 delivery month.

■ US Treasury prices held on to early gains yesterday morning, despite an economically bullish purchasing managers' report.

By midday, the benchmark 30-year government bond was up $\frac{3}{32}$ at 100$\frac{3}{16}$, yielding 7.566 per cent. At the short end, the two-year note was up 1/32 at 99$\frac{11}{16}$, yielding 4.774 per cent.

Although the morning's economic news was predominantly positive, which is usually bad news for bonds, the market managed to post solid gains at the long end.

This was primarily because investors had discounted the day's statistics, which included the October index of leading economic indicators, which rose 0.4 per cent, and the November National Association of Purchasing Management's index, which climbed from 50.6 in October to 55.0 last month. Both sets of data were evidence of accelerating economic growth, but market sentiment remained upbeat due to confidence that the recovery will not re-ignite inflation.

■ UK government bonds rose about ¾ of a point ahead of today's £2.5bn gilt auction, making up some of the ground lost on Monday. Dealers noted a squeeze on gilt prices ahead of the auction of the 8 per cent gilt due 2003. Domestic investors are expected to dominate at the auction.

■ JAPANESE government bonds closed higher as the sharp fall in the stock market yesterday prompted renewed speculation about lower interest rates. The Nikkei stock average ended down 370.61 points at 17,313.04, leading to hopes that the Bank of Japan will ease monetary policy.

The benchmark No 145 opened with a yield of 4.65 per cent and moved to 4.60 per cent before ending at 4.62 per cent.

FT FIXED INTEREST INDICES

	Dec 1	Nov 30	Nov 27	Nov 26	Nov 25	Year ago	High *	Low *
Govt Secs (UK)	92.90	92.56	93.44	93.75	93.98	85.98	95.54	85.11
Fixed Interest	107.92	108.01	108.38	108.66	108.89	95.84	110.26	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1992. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Nov 30	Nov 27	Nov 26	Nov 25	Nov 24
Gilt Edged Bargains	155.0	129.8	133.1	158.6	185.0
5-Day average	151.9	149.2	155.2	160.3	163.6

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.9339	-	8.78	8.78	8.98
BELGIUM		8.750	08/02	104.3800	-	8.07	8.01	8.16
CANADA *		8.500	04/02	102.0500	-0.100	8.18	8.14	7.54
DENMARK		9.000	11/00	100.3500	+0.700	8.93	9.16	8.94
FRANCE	BTAN	8.500	03/97	101.0971	+0.352	8.16	8.21	8.17
	OAT	8.500	11/02	101.8650	+0.400	8.24	8.25	8.18
GERMANY		8.000	07/02	104.0400	+0.120	7.39	7.32	7.40
ITALY		12.000	05/02	93.8200	-0.425	13.59†	13.54	13.60
JAPAN	No 119	4.800	06/99	101.4928	+0.102	4.51	4.51	4.61
	No 145	5.500	03/02	105.7594	+0.342	4.61	4.62	4.72
NETHERLANDS		8.250	08/02	104.8700	+0.210	7.51	7.40	7.58
SPAIN		10.300	06/02	86.9500	+0.025	12.70	12.58	12.46
UK GILTS		10.000	11/98	108-11	+7/32	7.64	7.18	7.07
		9.750	08/02	108-01	+13/32	8.51	8.36	8.13
		9.000	10/08	101-12	+17/32	8.84	8.69	8.56
US TREASURY *		6.375	08/02	98-04	+9/32	6.93	6.85	6.74
		7.625	11/22	100-17	+13/32	7.58	7.55	7.59
ECU (French Govt)		8.500	03/02	97.8500	+0.190	8.84	8.85	8.82

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7.05 pm on December 1

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	47	15	17
Other Fixed Interest	9	0	6
Commercial, Industrial	339	185	898
Financial & Property	161	118	524
Oil & Gas	13	14	58
Plantations	0	0	9
Mines	24	32	85
Others	40	46	32
Totals	633	410	1,629

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. ‡ Introduction. § Placing price. ¶ Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings — Nov 23
- Last Dealings — Dec 4
- Last Declarations — Feb 25
- For settlement — March 8

3-month call rate indications are shown in Saturday editions.
The report was not available from source yesterday.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

December 1. Total Contracts 26,838
Calls 20,536 Puts 6,302
FT-SE Index Calls 10,212 Puts 1,147
Euro FT-SE Calls 1,030 Puts 2,175
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Tue Dec 1	Day's change %	Mon Nov 30	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (22)	127.88	+0.07	127.79	2.55	10.99
2	5-15 years (25)	144.60	+0.38	144.05	2.82	11.85
3	Over 15 years (8)	151.24	+0.58	150.37	3.04	10.57
4	Irredeemables (6)	168.62	+0.30	168.35	1.03	13.68
5	All stocks (61)	141.30	+0.30	140.87	2.77	11.64
	Index-Linked					
6	Up to 5 years (2)	183.78	-0.04	183.86	0.65	3.68
7	Over 5 years (10)	165.18	-0.02	165.22	1.26	4.04
8	All stocks (12)	166.48	-0.03	166.52	1.18	3.96
9	Debs & Loans (62)	122.16	+0.80	121.19	2.24	11.13

AVERAGE GROSS REDEMPTION YIELDS

			Tue Dec 1	Mon Nov 30	Year ago (approx.)
	British Government				
1	Low	5 years	7.35	7.40	8.89
2	Coupons	15 years	8.36	8.44	9.62
3	(0%-7¾%)	20 years	8.61	8.67	9.62
4	Medium	5 years	7.73	7.77	9.97
5	Coupons	15 years	8.82	8.89	9.78
6	(8%-10¾%)	20 years	8.98	9.04	9.72
7	High	5 years	7.95	7.99	10.19
8	Coupons	15 years	9.12	9.18	9.87
9	(11%-)	20 years	9.19	9.26	9.78
10	Irredeemables (Flat Yield)		8.99	9.01	9.80
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.53	2.51	3.93
12	Inflation rate 5%	Over 5 yrs.	3.88	3.88	4.33
13	Inflation rate 10%	Up to 5 yrs.	1.73	1.71	3.30
14	Inflation rate 10%	Over 5 yrs.	3.69	3.70	4.15
15	Debs & Loans	5 years	9.83	9.00	11.51
16		15 years	9.99	10.10	11.33
17		25 years	10.16	10.25	11.19

COMPANY NEWS: UK

Norweb advances 11% to £37m

By Michael Smith

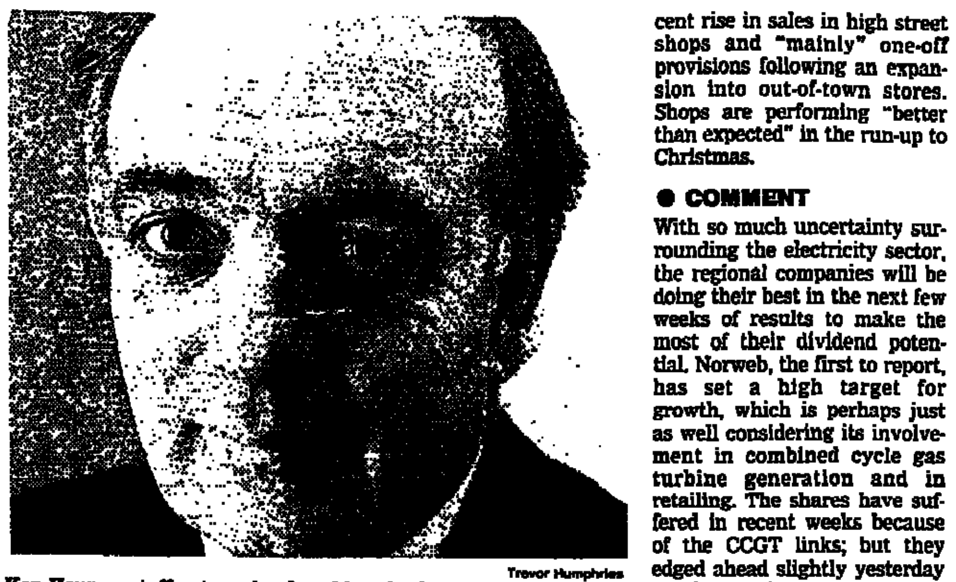
NORWEB, the Manchester-based electricity company, said yesterday it planned for real growth in dividends of 6 to 8 per cent until the end of the century, as it unveiled an 11 per cent rise in interim pre-tax profits.

The performance was helped by staffing cuts – in distribution 100 jobs were lost against a five-year plan of 700 – and a reduction in losses in the supply business from £25.6m in the first half last year to £12.9m.

Separately, the company indicated resistance to signing long-term contracts with generators for coal-fired electricity prior to the completion of the government's review of energy policy scheduled for publication in January.

In the six months to September 30, Norweb recorded pre-tax profits up from £33.4m to £37.1m on turnover ahead from £575.6m to £610.8m. Earnings per share were 15p (12.9p) and the interim dividend is raised to 5.9p (5.3p).

In distribution, under-recovery in 1991 and "prudent" provisions meant that operating profits were down from £60.1m to £50.3m. Underlying growth was 6 per cent in profit and 0.8 per cent in units, said Mr Ken Harvey, chairman.



Trevor Humphries

Ken Harvey: staff cuts and reduced loss in the supply side helped

The manpower reductions in distribution mean that the company has cut its staff there by 500, half way into a five-year programme by which it intended to shelve 700.

Further job losses are in prospect in the contracting business where the company is negotiating a new terms and conditions package with unions, and wants to cut the 650-strong workforce by about 150.

In the first half contracting incurred losses of £900,000. The aim is to be back in profits next year.

Mr Harvey said the supply business was expected to make profits this year. Non-franchise customers were up 58 per cent in the first half. Tariff increases next April would be well below inflation.

Retail profits fell from £3.9m to £1.6m, the result of cost inflation outstripping a 10 per cent rise in sales in high street shops and "mainly" one-off provisions following an expansion into out-of-town stores. Shops are performing "better than expected" in the run-up to Christmas.

● **COMMENT**

With so much uncertainty surrounding the electricity sector, the regional companies will be doing their best in the next few weeks of results to make the most of their dividend potential. Norweb, the first to report, has set a high target for growth, which is perhaps just as well considering its involvement in combined cycle gas turbine generation and in retailing. The shares have suffered in recent weeks because of the CCGT links; but they edged ahead slightly yesterday as the market approved the attempts to improve cashflow – nearly half of household customers are now paying through budget plans – and minimise the chances of unfavourable decisions by the regulator. City expectations for full-year pre-tax profits vary widely around £150m but the more important figure is the dividend. The consensus is that this is likely to be about 19.8p, giving a yield of 5.7 per cent, about the average for regional electricity companies.

Smith & Nephew in £46.5m Nivea deal

By Richard Gourlay

SMITH & NEPHEW, the healthcare and toiletries company, has sold its share of the Nivea skincare product brand to its joint venture partner, Beiersdorf of Hamburg, for £46.5m.

The UK-based company will continue to distribute Nivea products in the UK, South Africa and Commonwealth countries where it owns the brand and it will continue to manufacture in Australia and South Africa where Beirsdorf has no production facilities.

Mr John Robinson, chief executive, said that because profits from Nivea were relatively low, the interest on the sale proceeds combined with the profits from distribution would be greater than the profits stream from ownership of its part of the brand.

"This is part of a wider strategy to focus on our healthcare businesses and yet maintain our critical mass in the consumer business in the UK," Mr Robinson said.

Smith & Nephew's Nivea sales were £20m last year. Beirsdorf had sales of over £300m in the rest of the world.

Mr Robinson said the sale represented a p/e multiple of 29 times and his company was also retaining an income stream.

Smith & Nephew's consumer products division, which includes its Nivea brands, was hit by recession in the UK. This division helped restrict the increase in pre-tax profits to only 6 per cent. The group sees its greatest potential in its core orthopaedic and wound bandaging healthcare division.

Hill Samuel to halve stake in Macquarie Bank in A$53m sale

By Bruce Jacques in Sydney

HILL SAMUEL the UK merchant bank owned by TSB Group, will halve its stake in Macquarie Bank, the Australian financial services group, to 15 per cent in a deal worth almost A$53m (£24m).

The sell down, in line with an undertaking to the Australian government in 1985 when Macquarie was granted a banking licence, would involve 16.3m shares at A$3.25 each.

Macquarie plans to buy back 7.7m of the shares with the remaining 8.6m going to Australian institutions which have already expressed interest in the deal.

The proposal is subject to approval by Macquarie shareholders but has already been the go ahead by the Reserve Bank After the deal Macquarie will no longer be classified in Australia as a foreign bank.

Macquarie said Hill Samuel had confirmed its intention to retain a 15 per cent shareholding "for the foreseeable future" subject to price." A Hill Samuel representative will join the Macquarie board.

Mr David Clarke, executive chairman of Macquarie, said his bank's equity base of A$300m exceeded present requirements or likely future needs, and the timing of the buy-back was appropriate.

He said Macquarie's overall capital adequacy ratio at September 30 was 12.57 per cent, and would have reduced to 11.69 per cent had the buy-back been implemented at that date; the Tier I capital ratio would have been reduced to 9.62 per cent.

These ratios compared with a Reserve Bank minimum requirement of 8 per cent adequacy overall and 4 per cent for Tier 1 capital.

Thames TV forecasts turnover in excess of £100m next year

By Raymond Snoddy

THAMES Television, which ceases to be an ITV broadcaster at the end of this month, expects a turnover of more than £100m next year.

Mr Richard Dunn, chief executive of the largest ITV company, outbid by Carlton Television, made the forecast last night at the Royal Television Society.

"We have moved within 12 months from team-player public service broadcaster to sole television trader, whose job it is to please viewers through any channels of any medium in any country," Mr Dunn said.

Thames expects its television production business next year to bring in between £45m and £55m. Its international distribution arm should have a turnover of £15m while Reeves, its US production arm, should have revenue of £30m. Thames' studios at Teddington should bring in £5m.

UK Gold, founded by Thames and the BBC would, Mr Dunn forecast, be worth as much as all but the largest ITV companies by the end of the decade.

Mr Dunn admitted last night that he expected to lose in "the indiscriminate, unnecessary and destructive" auction for ITV franchises. "We bid the maximum the London weekday licence was worth to us, close to £33m per annum. I would not have bid any more," he said.

Mr Dunn detailed how there were several series of talks for the sale of Thames to Carlton but that each time discussions collapsed on price.

Mr Dunn said if Carlton had acquired control of Thames it would have had no qualified rival in the auction and "could have saved itself £43m per year for 10 years".

Control Securities extension

By Maggie Urry

Control Securities, the brewing, hotels and property group negotiating a financial restructuring with its banks, has won an extension of the standstill agreement on its borrowings until December 18. This allows it to continue trading during the discussions.

The standstill is intended to cover the period when the banks' credit committees are coming to decisions over the restructuring. The standstill is likely to be extended again thereafter to allow time for documentation to be finalised.

The group has debts of £259m. Its shares have been suspended at 16½p since October last year.

Ex-Spring Ram chiefs to launch new venture

By Jane Fuller

A GROUP of ex-Spring Ram executives, led by co-founder Mr Bob Murray, has got together to launch a home products company that will include kitchens and bathrooms – the territories where their former employer has flourished.

Mr Murray, who resigned from Spring Ram Corporation in 1990, has gathered four of his former colleagues in a company called Omega.

They are: Mr Francis Galvin, who was the main board director responsible for kitchens; Mr Martin Croxen, ex-managing director of the property subsidiary Ramfield; Mr Henry Johnston, ex-production director at Spring Bathrooms; and Mr Newton Winfield, ex-managing director of Ram Bathrooms.

The four, who left between October last year and February this year, say their departures were unrelated to problems that have since emerged at another Spring Ram subsidiary, Balterley Bathrooms, causing considerable damage to the group's share price in the past few weeks.

Because a dispute developed last winter over whether some of them should serve out two years' notice, Mr Galvin and the others concerned are legally bound not to sell products competing with Spring Ram until May 7 next year.

Meanwhile they are about to move from Leeds to an industrial park off the M62 to continue planning the launch of various consumer products. The portfolio of brand names acquired so far includes Hepplewhite Kitchens, Taps UK, Thomas Hope, Thomas Sheraton and Leeds Pottery Company.

As with Spring Ram, building factories on greenfield sites will be part of the formula. But they say Omega will be more diversified than Spring Ram and "pan-European".

Factory building is due to start next year and the first products are expected to come to market in 1994.

Sale Tilney near to deal on refinancing

By Maggie Urry

SALE TILNEY, the loss-making mini-conglomerate, is close to agreement with its banks on a financial restructuring. The group's borrowings total about £24.5m.

The deal is believed to involve a debt-for-equity swap which would dilute existing shareholders. Any proposals will have to be put to shareholders but the group's problems may give them little option but to approve the plan.

The group has interests in food, industrial products, insurance and financial services. Its net liabilities at the end of its half year, May 27, were £11.6m and it incurred a pre-tax loss in the period of £2.5m, after losing £4.45m in the year to November 29 1991.

A facility was agreed with its banks, led by National Westminster, in January 1991 shortly after Mr Andrew Coppel joined the group as chief executive. This facility expired on Monday, hence yesterday's announcement.

Move into eastern Europe helps Oriflame leap 79%

By Peggy Hollinger

A LUCRATIVE eastern European market and the acquisition of Sweden's leading pharmaceutical cosmetic brand helped to boost interim pre-tax profits at Oriflame International, the direct sales cosmetics company, by 79 per cent to £4.2m.

Sales for the six months to September 30 rose by 40 per cent to £37m.

Mr Robert af Jochnick, the chairman and one of two Swedish brothers who set up the company 25 years ago, said the move into eastern Europe had been "going like an absolute rocket". Oriflame set up a group called Oresa as a separate company in 1990 and holds a 25 per cent stake.

Oresa, which sells Oriflame products, contributed some £1m to the overall operating return of £4.6m, compared with £1.4m.

The acquisition of Aco, the leading cosmetic brand with 75 per cent of cosmetic sales in Swedish pharmacies, boosted the operating return by between £1.5m and £2m.

Purchased for about £10m in January, Aco had "developed . . . beyond our expectations." said Mr af Jochnick. Oriflame planned to introduce the brand into pharmacies in the rest of Europe with special emphasis on the east.

In the direct sales division, Oriflame's core business, the main Scandinavian market had remained "very solid". However, trading in the UK, the group's second largest market, had been more difficult. Mr af Jochnick said the group planned a shift in emphasis from a middle to up-market range to a middle to lower market.

The mail order divisions in France and the UK had incurred minor losses and were likely to be discontinued.

Mr af Jochnick said that in western Europe, the group still faced the challenge of "showing a continuing improvement in sales and profits" of the core business. However, he was optimistic that Oriflame would show a "very healthy increase in sales and profits" this year, given the inclusion of both Aco and eastern Europe.

The dividend was maintained at 4p, reflecting "our determination to maintain a strong balance sheet". Earnings per share rose by 66 per cent to 6.8p.

Leeds 35% ahead to £5.5m

By Paul Taylor

LEEDS GROUP, the West Yorkshire-based textile dyer and printer, reported a 35 per cent increase in full year pre-tax profits. It is proposing to raise its dividend by 13 per cent and make a 1-for-2 scrip issue.

For the year to September 30 profits increased to £5.53m (£4.11m) helped by higher sales in the Middle East and further growth in its non-apparel business. Turnover grew by 31 per cent to £41.3m (£31.4m).

Earnings per share increased to 33.1p (25p) out of which the group plans to pay a final dividend of 7.5p (6.75p) lifting the total to 11p (9.75p).

Mr Robert Wade, chairman and managing director, said all seven of the textile operations posted increased profits. Although the UK retail sector remained difficult because of weak sales, the group increased market share in a number of areas.

"The need for us to maintain this improvement is paramount, as the pressure on margins is relentless wherever we trade," Mr Wade said.

Last month an arson attack at Walsden Printing damaged some of the printing machines.Although it will be some weeks before full production can be resumed, Mr Wade said the group was fully insured and there should be no impact on profits.

Among the non-textile operations Leeds Leasing has been concentrating on protecting its exposure to bad debt, and has reduced new business written by 9 per cent. However, the benefit of lower interest rates and the disappearance of many competitors helped profits increase to £285,000 (£124,000.)

In March West Yorkshire Insurance had a 1-for-2 rights issue which resulted in Leeds' stake falling from 34.7 per cent to 23 per cent. Leeds did not take up its rights, allowing a fellow shareholder, CNA International Reinsurance, which underwrote the issue, to increase its holding to 41 per cent.

Mr Wade said the outlook for the group "continues to be dominated by difficult conditions in most world markets". However, he added: "While it is harder than ever to anticipate the future. the new financial year has started well, and prospects for the first half are not without promise."

● **COMMENT**

Leeds has maintained its reputation as a recession-buster. Its core textile printing business has benefited from diversification away from the fickle apparel business, with moves into printed furnishing fabrics, curtains and military camouflage. The balance sheet is in good shape with the £2.5m in cash at the end of the September almost exactly offsetting debt. Meanwhile the group has reduced its exposure to the insurance sector by not taking up the rights issue at West Yorkshire. Pre-tax profits should climb to about £6m this year and earnings could reach almost 36p a share producing a prospective p/e of about 14.3. This is a quality stock in an unfashionable sector which, despite its run-up in the last two years, is still a buy.

BSS feels the chill of recession

By Matthew Curtin

THE BSS Group's new position as the UK's second largest distributor to the domestic heating market provided it with little insulation from the recession in the half year to September.

Pre-tax profits tumbled 21 per cent to £4.08m (£5.16m). That was in spite of a 7 per cent increase in turnover to £112.5m (£104.8m) and a sharply reduced interest bill, down at £776,000 compared with £1.07m.

Mr Alan Milne, finance director, said that Cadel – a rival loss-making domestic heating supplier whose key assets BSS bought from the receiver for £19.1m in June – contributed £14m in revenue in the quarter it was under BSS management, but only £286,000 in operating profit. Overall operating profit fell to £4.85m (£6.23m).

Mr Milne said Cadel's integration with BSS's domestic heating and plumbing division would be completed by March. The division would contribute at least half of group turnover by next year. He said demand was weak in all the sectors BSS served.

The purchase of Cadel had limited the impact of a 4 to 5 per cent fall in domestic demand, and increased market share helped offset an 11 per cent drop in industrial and commercial demand.

Mr Milne said: "We are hoping for growth in 1993-94, but it is too early to see any sign of an upturn yet."

A 5.75p interim dividend is maintained. Earnings per share fell from 16.4p to 11.44p.

Acquisitions behind 26% growth at Prospect

By Matthew Curtin

PROSPECT Industries reported a 26 per cent increase in pre-tax profit from £3.53m to £4.44m in the year to September 30.

Prospect's shares climbed 10 per cent from 14¾p to 16¼p.

Mr Philip Wilbraham, chairman, said the group, formerly an engineering components supplier, had completed its transition "from a company to being a group serving the power generation and process industries".

He noted that year-on-year comparisons were difficult because the results included a 12-month contribution from its core operation Dunn International bought for £13.4m in May last year; six months from Greenbank, a pipeworks supplier, bought for £2.4m in March, and two months from Davenport, acquired for £10.1m.

Turnover jumped to £52.5m (£30m), to which engineering services contributed £34.4m and manufacturing £18m. Operating profit increased to £5.03m (£4m).

A final dividend of 0.5p makes a total of 0.75p. Earnings per share were 2p (2.68p).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 02.12.92: Pool purchase price £/MWh	Final Prices for Trading on 01.11.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.99	20.32	20.32
0100	26.52	23.59	25.39
0130	35.11	28.17	30.16
0200	35.11	28.17	30.11
0230	22.48	22.72	24.42
0300	22.48	22.72	24.43
0330	22.49	20.68	20.68
0400	18.33	20.32	20.32
0430	18.08	17.72	17.72
0500	18.08	18.12	18.12
0530	17.91	18.03	18.03
0600	17.91	18.12	18.12
0630	17.99	20.32	20.32
0700	20.03	23.45	25.23
0730	23.04	23.48	25.24
0800	23.04	23.67	25.43
0830	27.98	24.69	26.47
0900	27.98	26.69	28.68
0930	23.37	26.50	28.32
1000	23.37	28.38	30.26
1030	23.37	28.38	30.28
1100	23.37	26.83	28.65
1130	23.37	26.83	28.65
1200	23.37	28.38	30.28
1230	23.37	28.39	30.25
1300	23.37	28.38	30.26
1330	23.37	26.83	28.67
1400	23.11	21.75	21.75
1430	23.37	21.75	21.75
1500	23.37	21.75	21.75
1530	23.11	21.25	21.25
1600	28.50	26.85	28.68
1630	33.57	29.82	32.08
1700	37.70	45.13	48.21
1730	37.63	45.41	48.36
1800	32.75	37.07	39.60
1830	28.60	30.46	32.34
1900	28.01	28.76	30.63
1930	27.35	27.79	29.54
2000	23.37	27.78	29.55
2030	23.04	24.63	26.38
2100	22.92	24.68	26.40
2130	22.82	23.65	25.35
2200	22.82	23.65	25.38
2230	22.52	23.28	25.00
2300	20.70	20.90	20.90
2330	18.07	20.32	20.32
2400	17.91	18.62	18.62

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.

NEWS DIGEST

Huntingdon declines to £14.4m

HUNTINGDON International Holdings, the engineering and environmental services group, announced a fall in pre-tax profits from £16.9m to £14.4m in the year to September 30. Profits in the final quarter amounted to £4.22m against £4.79m.

Revenues for the year improved from £123m to £150m and to £40.6m (£34.6m) in the final three months, with subcontract costs at £9.8m (£7.69m) and £3.19m (£2.63m) respectively.

Earnings per share worked through at 11.5p (14.6p) and 4.3p (3.4p). An unchanged final dividend of 1.9p is proposed to maintain the total at 2.775p.

National Express offer oversubscribed

Strong interest from private investors has led to an oversubscription of the offer for sale of shares in National Express, Britain's biggest coach company.

Details of the allocation will be announced today, but it is likely that some applications, particularly the larger ones, will have to be scaled down.

Dealings in the shares begin on Thursday December 10.

Rentaminster suspended

Rentaminster, the USM-quoted supplier of business services, including the provision of sales and management training courses, yesterday requested the temporary suspension of its quotation pending clarification of the company's financial position.

The 5p shares were at the year's low of 4p when suspended, against a 1992 high of 13p.

Sterling Publishing recovery continues

Recovery at Sterling Publishing Group, publisher of annuals and magazines, continued in the six months to September 30 with pre-tax profits up from £571,000 to £1.04m.

The outcome was achieved on turnover from continuing activities up from £13.6m to £14.78m. Interest charges were sharply down at £654,000 (£1.01m).

The interim dividend is increased from 0.5p to 0.6p, payable from fully-diluted earnings of 1.5p (1.1p).

If results for the full year match expectations, the board expects a comparable increase in the final dividend.

Lyons Irish shows 11% rise to I£4.29m

Lyons Irish Holdings, the cash-rich Irish tea and coffee wholesaler, has reported an 11.5 per cent increase in pre-tax profits for the 28 weeks ended September 19 1992.

The rise was from I£3.85m to I£4.29m, or £4.68m, on turnover ahead 3 per cent to I£13.5m (I£13.1m).

As in previous years, investment income contributed significantly to the result, accounting for I£1.37m (I£1.15m). Earnings per share rose to 12.95p (11.64p) and the interim dividend is lifted to 3.15p (2.85p).

Dundee and London net assets lower

Net asset value for Dundee and London Investment Trust fell from 277p to 221p over the 12 months to October 31.

Net revenue for the year to the end of October was lower at £1.84m (£1.92m) for earnings per share of 10.84p (11.32p). An unchanged final dividend of 8.2p is recommended for a maintained total of 12p.

ACT £8.85m placing for NMW purchase

ACT Group yesterday placed 6,495,240 new 10p ordinary shares at 137p per share to raise about £8.85m cash, net of expenses.

Net proceeds from the placing will be used to finance in part the acquisition of NMW Computers which was declared unconditional on Monday, and to retire NMW's bank indebtedness.

Application will made for the new shares to be admitted to the Official List. It is expected that dealings in the shares will commence on December 8.

Millwall losses reduced by £1m

Millwall Holdings, which runs the First Division football club and other activities, cut its loss from £2.67m to £1.65m in the year ended May 31 1992.

Of the loss, £2.2m related to Tavern Leisure, a subsidiary disposed of during the year for a net consideration of £2.24m. An extraordinary loss of £1.99m arose on the disposal after deducting goodwill previously written off.

Turnover in 1991-92 came to £3.38m (£8.77m) and led to an operating loss of £1.95m (£2.17m). Losses per share were 1.46p (2.36p).

Surge to £712,000 at Gibbon Lyons

Reorganisation, improved trading at the screen ink company, and sale of the loss making Dutch subsidiary enabled Gibbon Lyons to lift its interim pre-tax profit by 47 per cent.

The group's principal activities are the manufacture of printing inks and related products.

Turnover was little changed at £11.55m (£11.45m). However, the pre-tax profit worked through at £712,000 (£483,000) after reorganisation costs of £104,000.

Earnings per share improved to 4.4p (3.1p) and the interim dividend is again 2p.

COMPANY NEWS: UK

MEPC profits and assets fall 23.5%

By Vanessa Houlder, Property Correspondent

MEPC, the UK's second biggest property company, yesterday underlined the weakness of property markets across the world by announcing a 23.5 per cent decline in net assets per share from 608p to 465p in the year to September 30.

Pre-tax profits fell by 23.5 per cent from £143.3m to £109.6m in the period, which Mr James Tuckey, managing director, described as "a dreadful year for the property industry."

Sir Christopher Benson, chairman, said that there was "precious little evidence of any improvement in our markets," although he stressed the resilience of the group, which has three quarters of its UK income secured by leases running beyond the end of the century.

Sir Christopher sharply criticised the government's attitude to the property industry concerning issues such as the levy of rates on empty buildings, the proposed register of contaminated land and leasehold enfranchisement.

Taken together "they further threaten the stability of the property market," he said.

The value of MEPC's properties fell by 12.5 per cent overall. The UK properties, which accounts for four-fifths of the portfolio, fell by 12.6 per cent, while those in Continental Europe, Australia and the US fell by 15 per cent, 15.7 per cent and 5 per cent respectively.

MEPC said 1992 was a year of consolidation, in which it completed its development programme and reduced its worldwide vacancy rate from 19 per cent to 8 per cent.

In particular, MEPC has found tenants for 60 per cent of Alban Gate, its flagship development in the City of London. Concern that Chemical Bank, the largest tenant in the building, might pull out of the development was lessened this week when it began talks with MEPC about eradicating the break clause which allows it to cancel its lease after one year.

Although rental income increased by 4 per cent, pre-tax profits fell as a result of lower property trading profits and an increase in finance charges from £79.7m to £107.0m.

Gearing increased to 82 per cent, despite investment sales of £127m. MEPC yesterday confirmed that it has sold a building in London's Finsbury Circus to DIFA, a German property fund, for about £73m.

Earnings per share fell by 22.7 per cent from 31.3p to 24.2p. An unchanged final dividend of 14.75p net was proposed, making a total of 20p net for the year.

See Lex and People

Tomkins cash call attracts 90.42% acceptance

By Richard Gourlay

TOMKINS, the industrial conglomerate, received acceptances in respect of 90.42 per cent of the 335.78m shares on offer through its rights issue to help acquire Ranks Hovis McDougall.

The remaining 32.15m shares not taken up have been placed with shareholders.

The first payment under the rights became payable on Monday with the last date for acceptance of the rights issue.

Tomkins £653m cash call is the third largest fully underwritten rights issue in the London market, behind BT and Blue Arrow.

Tomkins shares edged 3½p higher yesterday to 232p – above the see-through price at which its cash and paper offer for RHM is worth more than its 260p cash alternative.

Mr Greg Hutchings, Tomkins chief executive, said he was "delighted with the level of support from shareholders".

The first closing on its bid for RHM is on December 7 ahead of which the company needs approval for the deal at an EGM on Friday.

The recent rise on the Tomkins share price means the share and cash offer may be better value than the cash alternative and could leave the company with low gearing, after payment of the second tranche of the rights issue.

Shares fall 17p as turnround fails to meet company's expectations

Racal back in the black with £23m

By Richard Gourlay

RACAL ELECTRONICS, the data communications, radio and network services group, yesterday reported the expected turnround but not to the extent anticipated by Sir Ernest Harrison, its chairman.

Operating profits for the half year to October 9 increased by 28 per cent to £26.8m while at the pre-tax level a loss of £2.4m was turned into profits of £23.1m. Sales declined 6 per cent to £448m.

The interim dividend of 1.5p is 3.4 times covered and comes from earnings per share up from 0.28p to 5.16p.

Racal-Redac, the computer-aided design systems business, lost £3m in the first half after appearing to be on target for break-even at the time of the demerger of Chubb.

The data communications division produced operating profits of £4.3m against a loss of £1.78m. This was cut on sales of £173m (£178m) and included profits for the first time of £2m from the Government Network Services arm.

Mr David Elsbury, chief executive, said the market had to remember that data communications always enjoyed greater volume in the second half.

Radio communications improved its margin by two percentage points to 16 per cent. Profits were £12.5m.

Following the demerger of Chubb Security the result included interest receivable of £4.1m, an £11.6m swing from the £7.4m charge last year. The group also took high exceptional charges of £7.78m, covering redundancies, although it was half the figure for the same period last year.

Net debt was reduced by positive cash flow from a pro-forma £61.2m, at the time of the demerger, to £59.7m after £18m of capital expenditure.

● COMMENT

While these figures were broadly in line with expectations, the market remains concerned that Racal's biggest division, data communications, has still not convincingly turned the corner. And Redac again disappointed, turning in a loss where break-even was expected. Yesterday's share price fall – down 17p to 154p – has much to do with the shaving of full-year forecasts that this triggered and some profit taking after a strong run up in the share price. But earnings growth is still good and the possibility of a bid – the prize being the potential for raising data communications' margins – still cannot be ruled out. Even with shaved full-year forecasts of £50m, giving earnings of 11.1p, Racal is still on a slight prospective discount to the market and good value as it started its recovery from such a low base.

Chubb margin rebuilding locked on course

By Richard Gourlay

CHUBB SECURITY, which was floated off from Racal Electronics in October, yesterday said its strategy of rebuilding margins and cutting costs is on course.

The group reported pre-tax profits up 92 per cent at £26.9m for the half year to October 9 on sales down 5 per cent at £328.3m. Earnings per share rose from 2.09p to 5.44p and the group is to pay a 1.5p interim dividend.

Mr David Peacock, the chief executive who has overseen a rapid turnround in the company's fortunes, emphasised that Chubb, like Racal, has a policy of paying a dividend that is 2.5 to 3 times covered at the full year.

Mr Peacock said that he did not think the security market was growing, in spite of rising crime rates. "I think the market is still steady and our job is to increase our market share but we must recognise we are in a recessionary environment," he said.

Chubb had a 3 per cent share of a worldwide market worth £23bn.

In the electronic security area, where the group sees most growth, the intention was to increase the 7.5 per cent share of the world-wide market, worth £5bn, by 2.5 percentage points over the next two years.

Chubb's tax rate came down from 56 per cent to 41 per cent and Sir Ernest Harrison, the chairman, said he expected this to be 36 per cent "over a period of time".

Net debt was reduced from a pro-forma £60m at the time of the demerger to £38.6m, giving gearing of 24.9 per cent.

The group took an additional extraordinary charge of £1.9m to cover costs of closure and disposal of businesses, including an additional charge connected with the sale of Hoermann Sicherheitstechnik in Germany.

● COMMENT

As one would expect two months after demerger, there were almost no surprises in yesterday's figures, apart from higher than expected exceptional reorganisation costs. The story of margin rebuilding and introduction of new products remains compelling. And first indications suggest that margins are indeed being re-built – up from 6 per cent to 10 per cent. But the shares, have had an exceptionally good run. Chubb's market capitalisation is also now within a whisker of the value Sir Ernest Harrison put on it during his successful defence of Williams' hostile bid last year. Profits forecast for the year at about £60m, give 12.1p of earnings, and a 19 times prospective multiple. It is hard to see much upside with the shares on this premium to the market.

Trafalgar steers conservative path to a depressing result

By Roland Rudd

MR ALLAN GORMLY, the new chief executive of Trafalgar House, said there was an element of clearing the decks before reporting yesterday's full-year results.

"We have properly taken a somewhat more conservative view of the accounts as a result of recent management changes. It would have been surprising if we had not looked at this in a different way."

However, while the City expected poor results, the pre-tax loss of £30.3m for the year ended September 30 was worse than most analysts predicted. Exceptional property write-downs of £138m were also bigger than expected.

Of the total write-down, £70.7m was charged at operating level, £46m was reflected in results of associated companies and £21.3m was included in the interest charge.

The loss after taxation rose to £80.6m because of the substantial advance corporation tax write off of £40.3m. The group has not been able to make sufficient profits to offset against its ACT.

Of the company's gross ACT surplus of £183.8m to be offset against future UK corporation tax liabilities, £31.8m has been offset against deferred taxation. Some £2.7m, arising from the final dividend, is carried as a debtor in the balance sheet and the rest has been written over to the profit and loss account over the past few years.

Exceptional write-downs and the ACT write-off reduced shareholders' funds from £684.6m to £542.2m.

Engineering was the one bright spot. The division's operating profits rose from £56.9m to £89.4m on increased sales of £2.4bn (£1.5bn).

Davy corporation, which Trafalgar took over last year after it ran into severe financial difficulties converting the Emerald producer oil rig, contributed £30m. Midland and Scottish Resources, the original customer for the rig, is leasing it from Trafalgar for $65,000 (£43,000) per day. But MSR had failed to meet purchase conditions for Trafalgar to pay former shareholders in Davy their second takeover payment, totalling £54m.

Overseas orders account for more than 60 per cent of the engineering division's £2bn order book.

The construction division suffered a fall in profits from £16.9m to £10.1m on reduced sales of £785.8m (£928.4m).

Profits from shipping and hotels fell from £36.9m to £25.3m. The group is still looking for a partner to help it restructure the shipping fleet.

Trafalgar said the results should be considered in light of last year's restated pre-tax loss of £38.5m.

See Lex

Allied Colloids advances 7%

By Roland Rudd

ALLIED COLLOIDS, the speciality chemicals group, reported a 7 per cent increase in pre-tax profits, from £21.1m to £22.5m, in the half year to October 3.

The group said its lack of dependence on the UK enabled it to sustain volume growth.

Sales, up 9 per cent, from £124.6m to £136.3m, had increased in all regions. Only 16 per cent of the group's turnover is based in the UK.

The company said: "Although we can as yet discern little favourable change in market conditions around the world, we nevertheless expect to be able to sustain the improvement for the remainder of the year."

Hydrolabs, the US speciality chemicals company supplying the textile industry which was acquired last year for $18m, broke even after start-up costs. The group is planning to expand this company in order to market its products around the world.

The tax charge increased from £7.7m to £8.2m after an exceptionally low payment at the end of the last financial year. This was because a provision for deferred taxation of £5m relating to accelerated capital allowances was no longer required.

Earnings per share increased to 5.47p (5.17p). The interim dividend is 0.94p (0.88p).

Restructured Andrews Sykes jumps to £0.8m

By Paul Taylor

PRE-TAX profits at Andrews Sykes Group, the specialist industrial services company, grew to £802,000 in the six months to September 30 compared with £519,000.

Mr David Hubbard, chairman, said the results represented "significant progress" given that the poor summer weather and lower air conditioning hire revenues had exacerbated underlying weak demand from the group's traditional construction industry customer base.

Turnover slipped slightly to £27.7m (28.1m) and the profits gain mainly reflected the group's efforts to contain costs and a reduction in interest costs, which fell to £992,000 (£1.16m), offsetting redundancy costs of £255,000 (£6,000).

The group has undertaken a substantial restructuring in the past two years, aimed at reducing overheads and improving productivity. The number of depots has been cut from more than 50 to 35, and staffing has been reduced by 25 per cent resulting in a £3m pa saving on overheads.

Earnings per share in the latest period were 1.7p (nil) out of which the group is paying an unchanged interim dividend of 1.4p per share.

Mr Hubbard said the company was "encouraged by the results for the first half and are confident that actions to improve productivity will continue to benefit the group." However, he added, "we do not foresee any early upturn in demand".

Two months ago the company rebuffed an attempt by Mr Jacques Murray, the dissident shareholder who holds a 29.2 per cent stake in the group, to unseat Mr David Hubbard and take control of the board.

Fyffes directors sell shares to repay I£10m of debt

By Tim Coone in Dublin

TWO TOP directors of Fyffes, the UK and Irish fruit and vegetable wholesaler, have sold a quarter of their holding in the company, raising I£10m (£10.1m) to repay borrowings.

Mr Neil McCann, chairman, and Mr Carl McCann, group finance director, have sold a total of 11m ordinary shares at 64p each, and a further I£3m in preference shares, which were held by Balkan Investment Co, the investment vehicle of the McCann family.

The sale reduces the family holding in Fyffes to 9.3 per cent of the ordinary share capital, down from 13.3 per cent.

Mr Carl McCann, said that the shares were sold to repay loans which had been taken out to build a stake in Fyffes during earlier share placings.

He said: "That was fine when interest rates were normal, but with the current rates it created a situation we were not willing to continue with."

One-month money market rates on the Dublin market are in the 40-60 per cent range.

The sale took place at a four-year low in the Fyffes share price. "It was not very pleasant to be selling at that price, but ... it was either now or wait until next February," he said.

Under Stock Exchange rules, directors are not permitted to make share transactions in their own companies within two months before the release of annual financial results.

Ordinary shares formerly held by Balkan, worth 7.7m, have been sold to the Development Capital Corporation (DCC), a Dublin-based industrial and financial holding company, which is 20 per cent owned by the Bank of Ireland.

DCC has increased its stake in Fyffes through the purchase from 8.2 per cent to 11 per cent. DCC began as a venture capital company in 1976, and has been a strong supporter of the McCanns, helping to bring their FII company to the Stock Exchange in 1981.

Mr Jim Flavin, the chairman and chief executive of DCC said yesterday: "We have no further intentions ... to increase our holding. Fyffes is a very cash-rich company, and it just seemed like a very good opportunity to buy."

Hunters Armley seeks listing via placing

By Paul Taylor

Hunters Armley, the Leeds-based web offset printing company which was established in 1845, is seeking a full listing by way of a £10.8m private placing of 11.96m shares at 90p each.

Based on the placing price, and its enlarged share capital base of 20.4m shares, the group will have a market capitalisation of £18.3m. Existing shareholders are selling 6.4m shares and 5.56m new shares are being sold to raise £4.6m net of expenses, which will be used to wipe out debt and fund continuing expansion.

Early in 1990 a team led by Mr David Bird, chairman, and Mr Brian Sugden, managing director, backed by the Yorkshire Fund, organised a management buy-out from Parkway (now part of Wace.)

Since then operating margins have risen from 6 per cent to 9 per cent and pre-tax profits have grown from £898,000 in 1990 to £2.05m in the year to September 30.

Dealings in the shares are expected to begin on Monday.

Sedgwick £19.5m share issue to fund purchases

By Richard Lapper

SEDGWICK Group, the second biggest insurance broker in the UK, is raising £19.5m via a share issue to finance its first overseas acquisitions since the mid-1980s.

It has purchased new businesses in France and the US, and is negotiating to buy a regional broker in Germany.

It is paying £6.1m, comprising an initial £4.9m and two deferred considerations of £600,000, to buy Cabinet Billet, one of France's largest credit insurance brokers, and $10.5m (£7m) to acquire Duncan Peek, a US broking and employee benefits consultancy.

The completion of the German acquisition is expected to take place early in 1993.

A total of 13.89m shares are being issued, of which 9.92m are being placed through SG Warburg Securities. The expansion is the first by Sedgwick since 1986, when it acquired three regional US brokers – Crump Companies, Armistead and Arthur L Owen.

Mr Sax Riley, chief executive, said: "The market has been in a trough. It could be the right time to buy." Both purchases also demonstrate that Sedgwick is seeking to expand its product base by building niche businesses.

In France, where Sedgwick is already the fifth biggest property/casualty broker, Cabinet Billet specialises in credit insurance. Similarly Atlanta-based Duncan Peek has specialist expertise in sports insurance broking.

Sedgwick has some £6.4m to complete its acquisition of a new German operation.

APV chief gets restructure underway with £56m sale

By Peggy Hollinger

MR CLIVE Strowger, the new chief executive of APV, has launched his own programme to restructure the food processing equipment maker with the sale of a ventilation company to Smiths Industries for £55.8m in cash.

Mr Strowger, who was appointed in June, said the sale of Vent-Axia, a manufacturer of hand drier and ventilation equipment, would "unlock a lot of value. With this headroom I can attack our business in a positive way."

The company also announced a refinancing of its $250m multi-option facility (Mof), which was originally due to expire in May, 1993. Mr Strowger said the refinancing not only strengthened the balance sheet – with debt maturing at between three and 10 years – but the loans were now more flexible.

The need for a refinancing was partly due to the raft of acquisitions made in the 1980s which had an adverse affect on the balance sheet by 1990. APV had launched a restructuring programme that year, but Mr Strowger said considerable work remained to be done.

Further non-core disposals or closures, representing less than 10 per cent of APV's £874.4m turnover, were planned. Proceeds would be invested in core businesses, with particular emphasis on the cash generative operations such as components.

The sale to Smiths Industries represented an "extremely attractive" price, significantly above book value, Mr Strowger said. Last year Vent-Axia contributed £5m in profits, and had £16.5m in net assets.

APV was likely to take an exceptional credit for the book value premium in the year to end-December, although restructuring costs would be offset against it.

Mr Russell Plumley, of Smiths Industries, said the acquisition of Vent-Axia fitted into the company's plan to build up the industrial side of its business. Smiths planned to increase Vent-Axia's share of

Clive Strowger: sale would unlock a lot of value

the export market, particularly the US and Germany.

In the last two years, Smiths has spent £300m on acquisitions, with the majority in the lower technology industrial and medical systems businesses.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Alba, Caffyns, Cape, Erskine House, General Electric, Harrison Inds., London & Overseas Freighters, Mountview Estates, Porter Chadburn, Quilgotti, Rowlinson Securities, Christian Salvesen, Tope Estates, Yorkshire Water.

Finals- Bass, Granada, M & G Group.

FUTURE DATES

Interims-	
Acal	Dec. 7
Avesco	Dec. 8
BTP	Dec. 8
Barrow Hepburn	Dec. 11
Drummond	Dec. 4
Great Universal Stores	Dec. 10
Halma	Dec. 15
JF Fledgeling Japan	Dec. 4
Total Systems	Dec. 4
Vega	Dec. 7
Finals-	
Albion	Dec. 11
Berisford Intl.	Dec. 7
Control Techniques	Dec. 3
Electronic Data Process	Dec. 14

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Allied Colloids	int	0.94	Feb 19	0.88	-	3.9
Allied-Lyons	int	6.95	Feb 26	6.65	-	20
Andrews Sykes	int	1.4	Feb 24	1.4	-	4.4
BSS	int	5.75†	Jan 21	5.75	-	17.25
Chubb Security	int	1.5	Feb 11	-	-	-
Dundee London	fin	8.2	Jan 29	8.2	12	12
Gibbon Lyons	int	2	Feb 12	2	-	5
Huntingdon Intl	fin	1.9	Feb 8	1.9	2.775	2.775
Leeds Group	fin	7.5	Feb 3	6.75	11	9.75
Lyons Irish	int	3.15♣	Jan 8	2.85*	-	8.6*
MEPC	fin	14.75	Jan 29	14.75	20	20
Norweb	int	5.9	Mar 22	5.3	-	17.7
Oriflame	int	4	Feb 18	4	-	12
Prospect Inds	fin	0.5	Apr 7	0.3	0.75	0.4
Racal Electronic	int	1.5	Feb 11	1.5‡‡	-	5‡‡
Sterling Publish	int	0.6	May 10	0.5	-	2.5
Trafalgar House	fin	1.6	-	9.6	6	18.4

Dividends shown pence per share net except where otherwise stated. *Adjusted for scrip issue. †On increased capital. §USM stock. ‡‡Adjusted for share consolidation. ♣Irish currency.

COMMODITIES AND AGRICULTURE

Oil prices drift lower on Opec deal disappointment

By Deborah Hargreaves

OIL PRICES drifted lower yesterday after losing ground at the close of the New York market on Monday. North Sea Brent crude for January delivery was down 50 cents at $18.60 a barrel in London trading.

Oil traders say the price weakness reflects the market's disillusion with the agreement reached at last week's meeting of the Organisation of Petroleum Exporting Countries. "The market took a good look at this agreement and decided it didn't add up to much," said Mr Peter Gignoux, head of energy trading at Smith Barney in London.

Market traders believe Opec's agreement, which does little more than formalise existing production levels, does not go far enough to support prices.

The planned production cuts should take overall oil output to 24.58 barrels a day from November's production of about 25m b/d. But the ceiling does not include a production level for Ecuador, which has left the organisation.

Without Ecuador, the organisation was pumping at a rate of 24.7m b/d which implies a cut of just over 100,000 b/d.

Nevertheless, the meeting did allocate production quotas to individual members without official dissent. This is the first time this has happened since the Gulf war and was meant to avert a price collapse.

"To Opec watchers this looks constructive, but the market is looking for something more," one trader at an international oil company said.

At the same time, demand for oil products is weak in Europe and North America as the weather remains unseasonally warm. Refining margins have been squeezed to the level where it is becoming difficult to make a profit in the downstream sector.

Mr Mehdi Varzi, industry analyst at Kleinwort Benson in London estimates that European refining margins for Brent crude are at $1.70 a barrel from a high of almost $2.50 a barrel October to November.

Some commentators believe that the Brent price will remain stuck in a range from $18.50 to $19.50 a barrel until the end of the year unless colder winter weather provides a boost.

● Fina Italiana, the Italian subsidiary of Belgium's Petrofina, has confirmed an encouraging oil find in southern Italy near Potenza, and is seeking a concession to exploit the discovery, writes Robert Graham in Rome.

The find is in a step-out well from an initial discovery made in 1989. It is at a depth of over 800 metres and has a flow rate of up to 3,470 b/d. Fina is operating in partnership with Lasmo and Enterprise Oil of the UK, the latter having a total stake of 44 per cent in the venture.

Italy imports 73m tonnes of oil a year to complement modest local production, including gas, equivalent to 4.3m tonnes. ENI, the state oil concern, has already two exploration wells in the same area.

Russia misses US grain loan repayment

By Laurie Morse in Chicago

NEWS THAT Russia has again been suspended from a US grain credit guarantee programme because it had missed a payment deadline depressed grain prices slightly in Chicago yesterday morning, although traders did not yet believe that Russia's credit problems would reduce US grain exports.

"We see this as an ongoing saga. The USDA [US Department of Agriculture] is painting this as an operational problem that is based on Russia's lack of hard currency and the unfavourable dollar/rouble exchange rate," said Mr Daniel Basse, grain analyst for Chicago-based AgResources. "It's a pothole for the market."

For the second time in as many weeks, a US bank notified the USDA that Russia was behind on payment of US-backed agricultural loans. A missed payment automatically suspends Russia from the programme. The cash-poor country is dependent on credit guarantees for further grain purchases from the US. Russian officials in Moscow said yesterday payments would be made as quickly as possible, but did not suggest a payment date.

The $4.5m payment from Russia was due on Monday. Last week, Russia was late on $10.9m in payment to four different banks. It was suspended from the USDA programme for one and a half days, until payment was forwarded.

The problem is expected to intensify as payments in the three-year commercial loan programme fall due almost daily. Russia's has borrowed about $4.9bn in guaranteed loans since the programme started in January, 1991.

Russia has already used most of its available loan guarantees. From this year's allocation the country has just $81m in credits for wheat and $30m for pork remaining. A second tranche of $275m in credit guarantees is expected to be allocated on January 1.

Some lower-profile countries in the USDA food credit programme routinely miss payments and undergo temporary suspensions. Traders believe Russia's struggling economy may put that country on the same footing.

Chicago wheat futures prices were hardest hit by the news, with wheat for December delivery down 4¼ cents at $2.75½ a bushel yesterday morning. *December maize futures* were 2 cents lower at $2.10¼ a bushel and January soyabeans were down 4¾ cents at $5.59.

UK tries to break banana deadlock

By David Dodwell, World Trade Editor

THE UK has tried to break the deadlock over reform of the European Community's banana import regime with tariff-based proposals that would involve a radical departure from Britain's long-standing support for banana quotas.

The move will dismay Caribbean exporters, who have lobbied the UK hard to protect the current quota system that protects their fragile and banana-dependent economies. But a tariff-based import regime would remove the prospect of the EC coming into direct conflict with the General Agreement on Tariffs and Trade, which under the Uruguay Round of world trade reforms is calling for tariffs to replace quotas in all farm trade.

An unofficial UK document described as a "non-paper" and entitled "Reflections on Alternative Ways Forward", leaked to the Financial Times, invites views on two options:

● A flat-rate tariff on "dollar bananas" imported from cheaper, high-volume exporters from Latin America;

● A two-tier tariff system, with a lower tariff (10-14 per cent has been talked of) on dollar bananas up to a certain quota level and a higher tariff *(perhaps 70 per cent) above* that quota level.

The "non-paper" emphasises that "any final arrangements would have to be capable of meeting the Community's Lomé obligations, and its equivalent obligations to its own producers, while taking account of the position in relations to Gatt."

The EC is hopelessly divided on the issue of banana trade reform. Change has been forced by creation of the single market from January 1 next year. After this date, the cheaper dollar bananas at present imported by Germany, Denmark and the Benelux countries cannot legally be barred from any other European market. This threatens the collapse of quota regimes agreed under the *Lomé* Convention, which give former British and French colonies, and territories like the Canary Islands, privileged access to the EC market.

Community officials are now certain that no agreement is possible by January 1. There is no sign so far that the British "non-paper" can break the blocking minorities on either side of the debate – Germany, the Benelux and Denmark firmly against a quota system, and France, Spain, Portugal firmly against tariffs.

Plans are now being made for interim arrangements to come into force in January to police the EC market, preventing a flood of dollar bananas into France, the UK, Spain and Portugal until agreement on reform is found. One observer said the interim danger was less from big dollar banana exporters like Dole or Chiquita of the US, than from small truckers who might try to reap a windfall gain from price differences across the community of up to 25 per cent between dollar bananas and those from the Caribbean.

Siberia's forgotten copper mine

Leyla Boulton on the battle to develop the giant Udokan deposit

TUCKED AWAY in a remote Siberian mountain chain, at the end of rugged snow-covered track, is one of the world's biggest and until now most neglected, copper mines. Almost half a century since it was first discovered, the Udokan deposit in Russia's eastern Chita region has become the subject of a fierce battle over who will exploit it.

An international tender that closes in just two weeks time is set to attract bids from major mining companies, including Britain's RTZ, BHP of Australia, Canada's Placer Dome, US companies Phelps Dodge and Cyprus Mining, not to mention Japan's Marubeni Corporation and Mitsubishi.

It is not just 20m tonnes of copper that are at stake in the $1bn project, which will only start production towards the end of the century. Udokan has become a crucible for a debate over how the government should reconcile its quest for foreign investment with its newly-advertised desire to help Russian industry switch to a market system and civilian products after decades of catering primarily to the military.

Having turned to Russian enterprise managers for political support at the Congress of People's Deputies (the full parliament), which opened yesterday, the government will be under pressure to promote their interests when it takes the final decision over the Udokan contract.

This will mean either giving the contract to a Russian bidder, or securing as much sub-*contracting work as possible* for Russian enterprises. Apparently keeping its options open, an industrial consortium grouping state-owned enterprises like heavy engineering giant Uralmash, has teamed up with the only Russian competitor in the tender. But its members have also made presentations to foreign companies registered as tender participants by the tender committee.

Involving as much Russian

'We want the most advanced technology with the least damage to the environment. We don't want our district to be turned into a test-site for Russian industry.'

technology and manpower as possible is just one of several criteria set by the tender committee for companies to consider as they put together proposals that are formally for a feasibility study but involve spelling out basic plans for developing the mine. This will include proposals for the construction of a copper mill near the mine to turn ore into concentrate, of a power station to provide the project with electricity and heating, and amenities for at least 2,000 mine workers. Participants must also undertake to observe the strictest standards of environmental protection and contribute to the welfare of local inhabitants, including a minority nomad people which fears its reindeer-breeding and hunting will be harmed by the mining development.

Mr Alexander Rubtsov, a consultant to the regional government in Chita as well as a member of President Boris Yeltsin's industrial advisory committee, maintains that "the contract won't be given to Russian companies just because they are Russian".

But he claims the Udokan Mining Company, presented as the only "Russian" competitor in the race even though it is half-owned by two little-known western companies, SFW and Somerset Holdings, has the necessary finance and know-how to qualify it for the project. By way of argument, he points to the fact that it is being advised by Fluor Daniel, a San Francisco-based company with years of experience putting together major international mining projects. (In a possible conflict of interest, the Chita regional government was until recently one of the "Russian" shareholders).

Goldman Sachs, the US investment bank hired to help the Russian government attract foreign capital, has worked hard to make the tender correspond to international standards in the belief that the project will be most efficiently handled by a major foreign company. Participants of this view argue anyway that any foreign company will have to use Russian labour and some Russian suppliers.

Whichever view prevails, both will involve combining Russian labour and suppliers with foreign expertise and capital: the differences relate to whether foreigners or Russians will control the project, and whether economic efficiency will be the main criterion *for determining the winner.*

For local officials and inhabitants of Chita's northernmost Kalarsky district, which is home to the mine, the project is a major chance to attract wealth and jobs to an area which is remote but bursting with minerals ranging from strategic metals to coal. Far from the politics of Moscow, the local administration also believes the district's needs will best by met by a foreign company with the latest mining technology and lots of dollars to spend on improving local living conditions.

"We want the most advanced technology with the least damage to the environment. We don't want our district to be turned into a test-site for Russian industry," says Ms Alla Scherbak, the official responsible for the district's economic affairs.

Mr Yevgeny Ivashchenko, head of the district administration, is also confident that foreign companies will secure building work for thousands of workers who helped him build the famous BAM railway link in his previous job as construction engineer.

The Baikal-Amursky railway itself also hopes for a new lease of life. It is still operating at just 50 per cent capacity because the old Soviet state ran out of funds to develop the Udokan-style mining projects it was designed to serve.

For the Russian government, the Udokan project has so far been free of the fierce wrangling between local and central government (over which foreign company should win), which made a shambles of an earlier tender for oil and gas off Sakhalin island. It remains to be seen whether it will be *able to keep the tender free of* infighting of a different kind, and successfully reconcile conflicting national interests.

Coffee pact deadline extended

By David Blackwell

THE DEADLINE for negotiations on a new coffee pact was extended by three months from December 31 as talks in London drew to an inconclusive close yesterday.

However, prices on the world markets were rising yesterday, mainly because other factors had emerged to push the International Coffee Organisation negotiations to the sidelines.

The rise in New York began on Monday as traders returned from an extended Thanksgiving Holiday. The March arabica contract rose through resistance levels to close 2.65 cents ahead at 73 cents a lb on Monday, and continued upwards yesterday, trading at 75.55 cents near the close. In London the January robusta contract rose close to the $1,000-a-tonne level.

Ms Judy Ganes, analyst with Merrill Lynch, said that two weeks ago if traders had returned from holiday to read reports of an impasse at the ICO the price would have turned down. The extension to the deadline had bought more time, but in addition the mood of the market had changed, she suggested.

Mr Lawrence Eagles, analyst with GNI, the London brokers, said the main reason behind the rise was technical tightness, with traders surprised at the slowness of Brazilian marketing. The 1992-93 crop had been forecast to be between 18m and 22m bags, and had come in at 19m bags. "People who had been cynical about the forecasts suddenly realised they were genuine," said Mr Eagles.

In addition the Colombians had delayed January export registrations and Central American crops were running late.

European roasters were thought to be short of coffee, and while stocks are high, they were in strong hands, said Mr Eagles.

Certified stocks of coffee for delivery on to the New York market also fell for the first time for months this week, although by only 8,321 bags to 5.318m bags.

The ICO last night agreed to meet again at the end of January. One London trader described the past 10 days of talks as "mildly positive as they were not negative".

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,660-1,720 (1,675-1,735).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.25-2.45 (same).

CADMIUM: European free market, min. 99.5 per cent, $ *per lb, in warehouse, 0.50-0.60* (0.60-0.70).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 15.80-16.80 (same).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 125-140 (125-145).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 1.90-2.00 (2.00-2.10).

SELENIUM: European free market, min 99.5 per cent, $ per *lb, in warehouse, 4.80-5.50.*

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 45-55 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 1.75-1.85 (1.75-1.90).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 8.00 (same).

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	+22,275	to 1,480,350
Copper	−50	to 326,950
Lead	+2,375	to 199,900
Nickel	+1,050	to 63,726
Zinc	+2,900	to 380,175
Tin	−155	to 14,490

WORLD COMMODITIES PRICES

MARKET REPORT

Base metals prices were mostly lower at the end of another active London Metal Exchange session with selling pressure generally winning the day. **COPPER** prices were lower following the failure of an upside *move on Monday and were also* pressured by pricing sales in the morning that contributed to a slide below $2,200 a tonne for three months metal. The three months price closed at £1,445.50 a tonne, down £27 on the day. Trade selling pushed three months **ZINC** down $38 to $1,098.50 a tonne at the close and further losses were sustained in afterhours trading. Nickel was also weak following news of a big rise in LME stocks. But the **ALUMINIUM** market was resilient, despite a very large rise in LME stocks, as heavy trade buying and short-covering *rallied the market from support* around $1,210 *a tonne for three* months metal. The price closed at $1,219.75 a tonne, down just $1.75 on the day. At the London Futures and Options Exchange **COCOA** prices finished with trimmed gains as sterling's late rise against the dollar helped to check an earlier advance.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Jan)		+ or -
Dubai	$16.55-6.65	-.475
Brent Blend (dated)	$18.60-8.70	-.525
Brent Blend (Jan)	$18.55-8.65	-0.50
W.T.I (1 pm est)	$19.60-9.65	-0.65
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$203-204	-3.5
Gas Oil	$177-178	-3.5
Heavy Fuel Oil	$84-85	-2
Naphtha	$173-174	-5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$334.65	+0.4
Silver (per troy oz)♣	375.5c	
Platinum (per troy oz)	$362.65	+2.4
Palladium (per troy oz)	$95.50	
Copper (US Producer)	101.5c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	*14.02r*	*-0.03*
Tin (New York)	262.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	111.14p	+0.49*
Sheep (live weight)†♣	75.64p	+3.03*
Pigs (live weight)†	84.81p	-1.99*
London daily sugar (raw)	$218.0w	-2
London daily sugar (white)	$252.3w	-0.2
Tate and Lyle export price	£252.5	-3
Barley (English feed)	£138.0z	
Maize (US No. 3 yellow)	£155.0	
Wheat (US Dark Northern)	Unq	
Rubber (Jan)♥	63.50p	
Rubber (Feb)♥	63.75p	
Rubber (KL RSS No 1 Jan)	224.0m	
Coconut oil (Philippines)§	$487.5y	-2.5
Palm Oil (Malaysian)§	$402.5	
Copra (Philippines)§	$317.5	
Soyabeans (US)	*£172.0u*	*+0.9*
Cotton "A" index	63.70c	+0.6
Wooltops (64s Super)	427p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg.t-Dec. y-Jan/Feb u-Jan. w-Dec/Jan. z-Jan/Mar. †Meat Commission average latstock prices.* change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close m-Malaysian cents/kg.♣Sheep prices are now live weight prices.

SUGAR - London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	188.40	186.20	188.00
White	**Close**	**Previous**	**High/Low**
Mar	253.80	252.50	253.60 251.90
May	257.30	256.10	258.00 255.10
Oct	250.80		249.20

Turnover: Raw 4 (212) lots of 50 tonnes
White 757 (594) Paris- White (FFr per tonne) Mar 1377.72 May 1412.05

CRUDE OIL - IPE $/barrel

	Latest	Previous	High/Low
Jan	18.56	18.84	18.93 18.56
Feb	18.58	18.82	18.90 18.56
Mar	18.55	18.79	18.77 18.55
Apr	18.54	18.74	18.75 18.53
May	18.53	18.68	18.74 18.63
Jun	18.52		18.63 18.52
Jul	18.59		18.66 18.59
IPE Index	19.10	18.90	

Turnover 33322 (24714)

GAS OIL - IPE $/tonne

	Close	Previous	High/Low
Dec	173.50	177.25	175.25 172.50
Jan	175.50	179.50	177.25 174.50
Feb	176.50	180.00	177.75 175.25
Mar	174.25	178.00	175.50 174.00
Apr	171.00	174.75	172.50 171.00
May	169.75	172.50	170.25 169.50
Jun	167.75	171.25	169.25 167.50
Jul	169.75	172.75	169.50 169.25

Turnover 24070 (10976) lots of 100 tonnes

COTTON

LIVERPOOL- Spot and shipment sales for the week ended 27 November amounted to 20 tonnes against 82 tonnes in the previous week. Subdued offtake did not bring many operations. Support was forthcoming in certain specialist styles, notably in the Mali range

COCOA - London FOX £/tonne

	Close	Previous	High/Low
Dec	706	697	709 699
Mar	734	727	738 728
May	749	744	752 745
Jul	765	760	769 761
Sep	781	776	783 776
Dec	802	797	805 797
Mar	823	817	826 822
May	837		841 841
Jul	853		857 850
Sep	866		869 866

Turnover: 4444 (7910) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 30 768.91 (-) 10 day average for Dec 1 781.49 (785.61)

COFFEE London FOX $/tonne

	Close	Previous	High/Low
Nov	1035	929	929 927
Jan	975	958	980 967
Mar	997	977	1000 987
May	999	989	999 987
Jul	1010	987	1000 992
Sep	1020	1013	1012 1005

Turnover 3787 (2011) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 30 Comp. daily 59.10 (-) 15 day average - 57.70 (-)

POTATOES London FOX £/tonne

	Close	Previous	High/Low
Apr	63.0	62.3	64.0 63.0
May	67.9	67.0	68.0 67.5

Turnover 42 (37) lots of 20 tonnes

SOYAMEAL London FOX £/tonne

	Close	Previous	High/Low
Dec	152.00	153.50	152.00
Jun	144.00	144.50	144.20 143.00

Turnover 250 (100) lots of 20 tonnes

FREIGHT London FOX $10/Index point

	Close	Previous	High/Low
Dec	1285	1295	1300 1285
Jan	1275	1285	1282 1265
Apr	1260		1260 1256
Jul	1124		1125 1120
BFI	1322	1320	

Turnover 269 (14)

GRAINS London FOX £/tonne

Wheat	Close	Previous	High/Low
Jan	134.30	134.95	135.70 134.90
Mar	137.25	137.00	137.90 137.20
May	139.70	139.50	140.25 139.70
Sep	108.00		108.50 108.00
Jan	113.70		113.70
Barley	**Close**	**Previous**	**High/Low**
Jan	135.10	135.00	135.10
Mar	136.75	137.00	137.50 136.75

Turnover Wheat 354 (365) Barley 60 (108)
Turnover lots of 100 Tonnes

PIGS - London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
[illegible]	105.5	104.5	105.0

Turnover 3 (11) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 33,530 lots
Cash	1197-98	1200-01		1194-95		
3 months	1219.5-20	1221-22	1222/1210	1216-16.5	1221-22	184,558 lots
Copper, Grade A (£ per tonne)						Total daily turnover 38,075 lots
Cash	1420-21	1450-51	1430/1427	1427-27.5		
3 months	1445-46	1472-73	1464/1439	1453-53.5	1436-36.5	154,136 lots
Lead (£ per tonne)						Total daily turnover 3,572 lots
Cash	303.5-04.5	306.5-07.5	306.5	306.25-6.75		
3 months	314.5-5.0	317-18	317/311	316.50-17	311-12	25,020 lots
Nickel ($ per tonne)						Total daily turnover 10,075 lots
Cash	5505-15	5620-25	5560	5585-60		
3 months	5580-90	5690-95	5630/5575	5630-32	5590-600	40,000 lots
Tin ($ per tonne)						Total daily turnover 2,629 lots
Cash	5660-70	5680-90	5695/5682	5690-95		
3 months	5725-35	5735-45	5740/5695	5735-40	5730-35	10,208 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 20,548 lots
Cash	1080-82	1122-23		1088-89.5		
3 months	1098-99	1136-37	1116/1091	1105-06	1093-93.5	74,211 lots

LME Closing £/$ rate: SPOT 1.5362 3 months: 1.5235 6 months: 1.5116 9 months: 1.5041

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	334.50-334.80	
Opening	334.50-334.90	
Morning fix	334.60	220.538
Afternoon fix	334.65	219.515
Day's high	334.80-335.10	
Day's low	334.40-334.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	1.90	6 months	2.33
2 months	1.94	12 months	2.60
3 months	2.03		

Silver fix	p/troy oz	US cts equiv
Spot	248.00	376.00
3 months	252.45	379.55
6 months	256.65	383.20
12 months	264.35	391.05

GOLD COINS

	$ price	£ equivalent
Krugerrand	334.00-337.00	220.00-222.00
Maple leaf	344.30-346.55	-
New Sovereign	78.50-81.50	52.00-54.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1150	65	85	5	12
1175	46	77	10	19
1200	30	61	20	27
Copper (Grade A)	**Calls**		**Puts**	
2100	96	125	5	16
2150	59	90	15	30
2200	30	61	36	51
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
900	77	111	2	14
950	37	76	12	29
1000	13	48	38	51
Cocoa	**Mar**	**May**	**Mar**	**May**
700	55	77	21	28
725	41	63	32	29
750	31	50	47	51
Brent Crude	**Jan**	**Feb**	**Jan**	**Feb**
1900	12	30	46	58
1950	5	18	89	
2000	2	11		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High	Low
Dec	335.1	334.3	335.2	334.3
Jan	335.7	335.1	0	0
Feb	336.1	336.5	336.2	335.3
Apr	337.4	336.8	337.3	336.7
Jun	339.0	338.4	339.0	338.4
Aug	340.8	340.2	340.7	340.5
Oct	342.1	342.1	0	0
Dec	344.6	344.0	344.8	344.3
Feb	346.9	346.4	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High	Low
Jan	362.2	363.2	364.6	361.0
Apr	360.6	361.7	362.8	359.5
Jul	359.8	360.7	361.0	359.0
Oct	361.6	362.7	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High	Low
Dec	373.0	373.1	375.0	372.5
Jan	374.1	374.3	374.0	374.0
Feb	376.0	376.2	0	0
Mar	377.0	377.2	379.5	376.5
May	379.9	380.1	382.0	380.0
Jul	382.6	382.8	385.0	382.5
Sep	385.5	385.7	388.0	385.5
Dec	390.2	390.4	393.0	390.0
Jan	391.5	391.7	0	0
Mar	395.5	395.7	398.5	396.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High	Low
Dec	96.55	97.60	97.30	96.50
Jan	96.95	98.10	97.60	97.20
Feb	97.45	98.60	0	0
Mar	97.85	99.00	98.95	97.80
Apr	98.25	99.40	0	0
May	98.75	99.90	99.45	98.70
Jun	99.10	100.20	0	0
Jul	99.50	100.60	100.10	99.90
Aug	99.80	100.90	0	0
Sep	100.10	101.20	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High	Low
Jan	19.61	19.69	19.67	19.57
Feb	19.63	19.90	19.88	19.60
Mar	19.68	19.90	19.89	19.67
Apr	19.70	19.88	19.89	19.68
May	19.70	19.86	19.87	19.70
Jun	19.73	19.84	19.83	19.73
Jul	19.75	19.82	19.88	19.73
Aug	19.75	19.80	19.77	19.75
Sep	19.75	19.79	19.83	19.75
Oct	19.73	19.78	19.79	19.75

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High	Low
Jan	56.20	56.67	56.75	56.00
Feb	56.65	57.38	57.40	56.75
Mar	56.35	56.78	56.75	56.25
Apr	55.26	55.58	55.50	55.20
May	54.10	54.41	54.40	44.15
Jun	53.60	53.91	53.90	53.65
Jul	53.80	54.12	54.10	53.90
Aug	54.30	54.62	54.75	54.50
Sep	55.50	55.77	56.00	55.75
Oct	56.45	56.72	57.00	57.00

COCOA 10 tonnes;$/tonnes

	Close	Previous	High	Low
Dec	962	973	989	966
Mar	1019	1008	1029	1004
May	1045	1036	1053	1035
Jul	1070	1058	1076	1058
Sep	1090	1080	1094	1065
Dec	1120	1115	1130	1112
Mar	1159	1150	1159	1150
May	1179	1178	0	0
Jul	1203	1208	1200	1198
Sep	1223	1228	1218	1213

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High	Low
Dec	74.65	71.90	74.70	72.50
Mar	75.70	73.00	76.00	73.75
May	78.50	75.90	79.00	77.00
Jul	80.00	77.45	80.50	78.50
Sep	81.50	78.70	82.00	80.50
Dec	83.65	81.00	83.80	83.60
Mar	85.50	83.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High	Low
Mar	8.46	8.41	8.49	8.39
May	8.65	8.60	8.66	8.57
Jul	8.73	8.65	8.73	8.64
Oct	8.76	8.67	8.76	8.67
Mar	8.83	8.79	0	0
May	8.90	0	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High	Low
Dec	58.62	58.50	59.20	58.05
Mar	58.10	58.12	58.90	57.58
May	59.18	58.95	59.80	59.40
Jul	59.73	59.45	60.15	59.40
Oct	60.20	59.73	60.30	60.20
Dec	60.20	59.70	60.20	59.40
Mar	60.50	60.28	60.33	60.20
May	61.10	60.65	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High	Low
Jan	96.15	102.60	102.75	97.75
Mar	100.50	104.40	105.25	100.00
May	102.00	105.45	105.70	101.00
Jul	101.05	104.65	104.75	103.00
Sep	100.30	104.15	0	0
Nov	100.05	103.85	103.50	103.50
Jan	100.05	103.85	0	0
Mar	100.05	103.85	0	0
May	100.05	0	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Dec.1	Nov.30	mnth ago	yr ago
1665.0	1663.7	1659.4	1641.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Nov.30	Nov.27	mnth ago	yr ago
Spot	120.22	119.60	113.58	115.86
Futures	120.06	119.04	116.81	122.46

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High	Low
Jan	559/6	563/6	562/4	558/0
Mar	564/4	569/2	567/4	562/4
May	569/4	574/6	573/0	568/2
Jul	575/2	580/2	578/0	574/0
Aug	577/0	582/0	580/2	577/0
Sep	578/0	581/4	579/0	576/0
Nov	582/2	587/2	585/4	581/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High	Low
Dec	20.34	20.34	20.35	20.02
Jan	20.44	20.51	20.45	20.12
Mar	20.64	20.73	20.64	20.36
May	20.75	20.88	20.78	20.50
Jul	20.83	20.98	20.90	20.60
Aug	20.85	20.99	20.85	20.70
Sep	20.86	21.02	20.88	20.75
Oct	20.81	21.03	20.90	20.75

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High	Low
Dec	179.2	181.0	180.7	179.1
Jan	179.1	181.3	181.0	179.0
Mar	179.4	181.6	181.3	179.3
May	180.9	182.6	182.3	180.8
Jul	183.2	184.5	184.6	183.0
Aug	184.1	185.2	185.8	184.1
Sep	185.1	186.3	186.6	185.1
Oct	187.0	187.8	188.0	187.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High	Low
Dec	210/6	212/4	212/0	210/4
Mar	219/6	221/4	220/6	219/2
May	227/4	229/2	229/2	226/6
Jul	232/6	234/6	233/6	232/0
Sep	237/2	239/0	238/4	237/0
Dec	243/0	244/2	243/6	242/2
Mar	249/6	251/2	250/4	249/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High	Low
Dec	375/2	379/6	378/6	374/2
Mar	366/2	371/0	369/6	365/0
May	349/0	356/2	355/2	349/0
Jul	324/6	331/2	330/4	323/0
Sep	330/4	336/0	332/0	330/4
Dec	340/6	347/0	342/4	340/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High	Low
Dec	76.525	76.775	76.750	76.250
Feb	73.875	74.150	74.100	73.575
Apr	74.125	74.425	74.400	73.925
Jun	70.625	71.075	71.100	70.625
Aug	69.275	69.525	69.550	69.125
Oct	69.950	70.150	69.975	69.550
Dec	70.150	70.300	70.300	70.100

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High	Low
Dec	45.000	44.475	45.050	44.375
Feb	44.025	43.375	44.075	43.350
Apr	41.550	41.225	41.750	41.250
Jun	45.975	45.650	46.100	45.600
Jul	45.625	45.400	45.700	45.400
Aug	44.350	44.200	44.400	44.100
Oct	41.300	41.100	41.300	41.000
Dec	43.400	43.300	43.450	43.000

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High	Low
Feb	39.575	39.225	39.650	39.225
Mar	39.825	39.425	40.050	39.425
May	41.100	40.650	41.200	40.600
Jul	41.750	41.550	41.800	41.300
Aug	40.700	40.700	40.700	40.400

LONDON STOCK EXCHANGE

Equities recover to reach new high

By Terry Byland, UK Stock Market Editor

LONDON'S BULLS refused to be discouraged by the setback in the Hong Kong stock market overnight and, spurred on by strong buying of stock index futures, drove the FT-SE Index by 13 points yesterday to a new closing high which was within 8 points of the 2,800 mark. Favourable statistics on the US economy provided stimulus near the close of trading but the London market had already turned round convincingly from early losses which had failed to bring out any institutional sellers.

Although neither the US dollar nor Wall Street stood out yesterday – the Dow Average was a shade off at the London close – news of a 0.4 per cent gain in US economic indicators in October and a Purchasing Managers Index at 55 per cent in November was well-received in the UK market. Improved economic data from the US over the past week has strengthened hopes for a general revival in global economies and boosted confidence in the London equity market.

Early trading saw equities give ground smartly with sentiment unsettled by the 5 per cent fall in Hong Kong after China challenged the agreements with Britain. HSBC, the London quoted HongKong Bank, fell sharply and the Footsie was quickly 10.6 down, with the rest of the market cautious on the continued pressures in the currency markets.

But trading volume was low and traders stressed that there was little selling pressure. The market quietly rallied until mid-session when a strong buyer drove the December Footsie contract ahead. The stock market quickened its pace as it moved above overnight levels and the December contract broke through the 2,800 mark at its official close.

The stock market peaked just short of 2,800, the day's best reading on the Footsie of 2,794.3 showing a gain of more than 15 points. With Wall Street refusing to give a confident lead, the London market closed off the top at a new closing high of 2,792.0 for a gain on the day of 13.2.

The mood of optimism was unshaken by some disappointing corporate results and by reverberations from the final collapse this week of Rosehaugh, one of the leading City of London property development groups of the 1980s.

Equity market volume remained good, with 631.1m shares traded, against 635.7m on Monday when retail business of £1.1bn maintained the extended run of good customer turnover in UK equities.

The stock market has now gained nearly 100 Footsie points since the middle of November; in fact, only a week ago the Footsie slipped back to 2,709. Investors have taken an increasingly optimistic view of the outlook or equities as the GATT dispute has calmed down and US statistics on durable goods orders, GDP, and now leading economic indicators have apparently turned more positive.

However, some traders warned yesterday that share prices had been squeezed higher by the absence of sellers in a market suddenly filled with would-be buyers. Uncertainties still remain regarding the near-term outlook for interest rates, both in the UK and elsewhere in Europe.

Several strategists yesterday suggested selling into the current rally in UK share prices but it was clear that their advice was not heeded to any great extent by the managers of the big investment funds.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	49	500	+2
ASDA Group	38,000	52½	-5¼
Abbey National	6,700	376	-3
Albert Fisher	1,500	57	+½
Allied-Lyons	6,000	643	-1
Amstrad	374	28	
Anglian Water	1,000	465	-3
Argos	1,200	284	+6
Argyll Group	1,900	378	+2
Arjo Wiggins	1,300	154	+4
Ass. Brit. Foods	313	461	+8
Ass. Brit. Ports	277	321	
BAA	594	775	+6
BAT Inds.	2,400	909	+10
BET	4,100	89	+3
BICC	1,000	281	+4
BOC	1,100	773	+17
BP	4,800	237	+3½
BPB Inds	947	184	+9
BT	3,900	418	+7
BT New	4,600	314½	+7½
BTR	10,000	517½	+18½
Bank of Scotland	7,400	116	
Barclays	7,900	382	+8
Bass	3,100	600	+2
Berisford Int.	1,400	19	-½
Blue Circle	797	177	+3
Booker	1,800	344	-4
Boots	3,200	524	+7
Bowater	881	484	+8
Brit. Aerospace	1,200	132	
British Airways	5,000	277½	+2½
British Gas	4,800	279	+½
British Land	874	189	-1
British Steel	8,700	58	+2
Bunzl	643	169	+1
Burmah Castrol	339	685	-2
Burton	1,800	64	-½
Cable & Wire	1,700	659	-6
Cadbury Schweppes	1,900	463	+10
Calor Group	2,900	224	
Carlton Comms	132	729	+9
Coats Viyella	2,100	213	+7

	Volume 000's	Closing Price	Day's change
Comm Union	572	622	-3
Cookson	656	172	
Courtaulds	438	540	+2
Dalgety	1,700	471	-6
De La Rue	664	662	+20
Dixons	3,400	260	+9
Eastern Elect.	537	396	-4
East Midland Elect	850	394	-9
Eng China Clays	320	461	+17
Enterprise Oil	880	482	-½
Eurotunnel Units	528	355	-5
FKI	1,500	87	+1
Fisons	4,100	219	+2
Forte	1,600	172	-1
Gen. Accident	1,300	601	+4
General Elect.	3,800	272	+1
Glaxo	5,300	780	-18
Glynwed Int.	1,100	226	+9
Granada	1,000	309	+6
Grand Met	6,300	447	-12
GUS A	656	1650	+27
GRE	3,800	183	-2
GKN	588	464	+2
Guinness	4,400	588	+19
HSBC (75p shs)	13,000	502	-16
Hammerson 'A'	1,200	244	+12
Hanson	3,000	237½	+2
Hanson Warrants	1,100	19¾	+¼
Harrisons Crosfield	1,600	144	+3
Hillsdown	1,600	117	+6
IMI	810	238	+4
ICI	681	1013	+18
Inchcape	1,000	463	
Kingfisher	1,100	585	+2
Kwik Save	377	727½	-3½
Ladbroke	2,300	194	
Land Securities	2,000	419	+4
Laporte	95	618	-3
Legal & General	1,200	411	+4
Lloyds Abbey	478	380	+1
Lloyds Bank	918	489	-3
LASMO	1,100	173	+3
London Elect.	514	422	-3

	Volume 000's	Closing Price	Day's change
Lonrho	500	71	
Lucas	1,200	124	+2
MB Caradon	223	284	+3
MEPC	4,200	337	-2
Manweb	72	473	-5
Marks & Spencer	6,700	340	+7½
Midlands Elect.	157	441	-4
NFC	218	278	+2
NatWest Bank	3,100	394	
National Power	1,200	276½	-2
Next	2,100	134	+3½
North West Water	1,300	473	+3
Northern Elect.	115	443	-4
Northern Foods	253	284	+9
Norweb	338	446	+1
Pearson	1,000	389	+5
P & O	1,100	491	+8
Pilkington	4,000	74	-2
PowerGen	1,800	275½	-3
Prudential	1,400	258	-3
RHM	1,500	262	+2
RMC	375	499	+17
RTZ	2,200	650	+10
Racal	13,000	154	-17
Rank Org	504	652	+7
Reckitt & Colman	366	627	
Redland	824	361	+9
Reed Intl	2,800	605	+6
Rentokil	144	239	+5
Reuters	730	1354	+18
Rolls Royce	7,500	102	+1
Rothmans	7,400	634½	+5½
Ryl Bk Scotland	3,800	187	
Royal Insurance	1,400	277	+5
Saatchi	77	145	+1
Sainsbury	1,800	527	+7
Scottish & New.	889	421	-2
Scot Hydro-Elect.	2,000	238	+2
Scottish Power	3,300	224	+1
Sears	4,600	92	-2
Sedgwick	2,200	144	-1
Seeboard	378	433	-8
Severn Trent Water	3,000	444	

	Volume 000's	Closing Price	Day's change
Shell Transport	1,900	566	+2
Siebe	702	374	-3
Slough Ests	671	137	+1
Smith (W.H.) A	276	400	+8
Smith & Nephew	625	168	-1
SmKl Beecham	3,200	534	-17
SmKl Beecham Uts	1,800	488	-17
Smiths Inds	1,400	335	+9
Southern Elect	1,000	417	-1
South Wales Elect.	631	492	-1
South West Water	641	478	-7
South West. Elect	17	432	-6
Southern Water	940	446	-7
Standard Chartd	758	543	-10
Storehouse	3,000	190	+1
Sun Alliance	1,200	349	-4
T&N	4,600	138	+3
TI Group	1,000	297	+6
TSB	3,700	141½	+1
Tarmac	4,400	90	+5
Tate & Lyle	1,300	386	
Taylor Woodrow	677	63	+3
Tesco	7,000	253	-1
Thames Water	1,300	476	-4
Thorn EMI	276	830	+8
Tomkins	3,100	232	+3½
Trafalgar House	6,200	69	-6
Unigate	1,800	295	+1
Unilever	1,100	1070	+6
United Biscuits	629	350	+3
Utd Newspapers	251	467	+4
Vodafone	3,000	406	+3
Warburg (SG)	404	486	+13
Wellcome	1,700	1062	-1
Welsh Water	160	508	-2
Wessex Water	401	555	-7
Whitbread 'A'	614	453	-2
Williams Hldgs	998	315	+5
Willis Corroon	118	179	-1
Wimpey	10	105	
Wolseley	322	508	+3
Yorkshire Elect.	389	454	-7
Yorkshire Water	694	501	-13

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:	Nov 16	Nov 30	Dec 14
Option Declarations:	Nov 26	Dec 10	Dec 30
Last Dealings:	Nov 27	Dec 11	Dec 31
Account Day:	Dec 7	Dec 21	Jan 11

*New time dealings may take place from 8.30am two business days earlier.

Upgrades boost for BTR

INTERNATIONAL conglomerate BTR moved sharply forward to rate as the day's best performing FT-SE 100 stock after several brokers upgraded profit expectations following visits to the company.

The shares jumped 18½ to 517½p, in brisk trade of 10m after BZW and James Capel increased current year profits estimates by £20m to £1.02bn and by £15m to £985m respectively. Mr Mark Cusack at BZW said of his new forecast, "efficiency improvements are coming through and the Hawker Siddeley acquisition is performing ahead of expectations," while James Capel reiterated its positive view on "very early news of signs of a recovery in the US and Australia". Further upgradings are expected over the next few days.

Hong Kong shocks

The fall of 5 per cent in the Hong Kong stock market, as relations between the British administration and the Chinese government deteriorated, prompted heavy falls in UK stocks with interests there, notably HSBC, Standard Chartered and Cable & Wireless.

The most active was HSBC where turnover totalled 12m. Shares in the banking group tumbled to 493p before picking up to end a net 16 off at 502p. HSBC shares have been one of the UK market's best performers since the merger with Midland Bank was effected earlier this year.

Standard Chartered fell 8 to 543p, albeit in much quieter trading, which saw fewer than 1m shares change hands, with the stock sustained by expectations that the company will be elevated to the Footsie-100 status for the new year. Telecoms group Cable & Wireless, which derives well over half of its income from its stake in Hong Kong Telecom, dropped to 654p before stabilising to close 6 off at 659p. Turnover was an unremarkable 1.7m shares.

Asda query

Predictions of an end to Asda's bull run proved correct and the shares fell back in another day's heavy trading after several brokers turned seller of the stock. Market attention is now firmly focused on the group's results on December 18 with talk of a fund-raising excercise doing the rounds. Asda is said to be in need of a cash injection to boost its capital expenditure programme which badly lags its rivals. Up to £100m might need to be raised, given Asda's debt position. However, a rights issue is not thought to be a favoured route coming so quickly after last year's and straining shareholder loyalty. Suggestions in the market say a bond issue might be preferable. Asda shares retreated 5¼ to 52½p in turnover of 37m, once again the top traded stock of the day.

Calor move

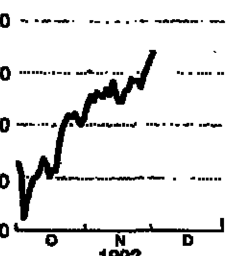
A couple of exceptionally heavy individual trades in Calor Group shares led dealers to suspect that SHV, the privately-owned Dutch investment group, had moved back into the market to increase its stake to just below 50 per cent. SHV currently has 47.26 per cent of Calor and is allowed to increase its holding by 2 per cent in the year to next November. SHV's last increase was announced on November 10. Calor shares held at 224p on turnover of 2.9m.

The oil majors showed signs of struggling as crude oil prices continued to lose ground, dropping around 40 cents a barrel. BP, helped by a positive response to the presentation to Scottish institutions, moved up 3½ to 237p. News of the exploration success off the coast of Burma drove Premier Consolidated up 1¼ to 17¾p on heavy turnover of 9.8m shares.

The placing by Warburg Securities of 9.92m Sedgwick shares at a discount of only 2p to the ruling market price saw Sedgwick close only a penny easier at 144p.

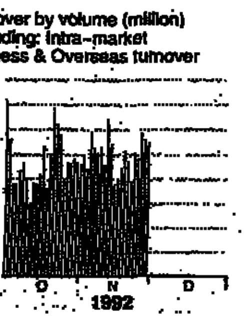
There was little fallout from the demise of Rosehaugh, the market preferring instead to focus on results from the UK's second biggest property group, MEPC. Although the figures were in line with expectations,

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



the dire conditions in the commercial property market meant continuing worries over the safety of next year's dividend. Net asset values fell from 608p to 465p and while most analysts are forecasting between 410p and 420p for next year, at least one leading broker was on 385p and predicting a big dividend cut.

In the meantime, MEPC's hefty discount to the market and high yield meant it recovered from its initial fall and closed at 337p, off 2.

The launch in the US of Reuters' News2000 system, which enhances Reuters' news and financial services, was greeted with enthusiasm by the stock market where Reuters shares jumped 18 to a record 1354p.

The utilities sectors suffered badly during the early part of the session as institutions continued to switch from the waters and electricity stocks into the cyclicals. The sectors were additionally unsettled by the Ofwat report on water standards and delivery costs plus slight disappointment with results from Norweb, the first of the electricity companies to report interim figures.

Both sectors rallied strongly, however, closing well above the day's lowest levels.

Fears for the current year dividend hit Trafalgar House as it reported a £30.3m loss and slashed last year's dividend from 18.4p to 6p. The shares fell 6 to 89p.

Among transport stocks, sellers of Tiphook following last week's strong performance caused the shares to give up 4 to 275p, in light trading. The company said yesterday that it had replaced County NatWest and Warburg as joint brokers with UBS Phillips & Drew.

The expected disposal at APV duly arrived when the company announced the sale of its ventilation and warm-air hand-dryer business Vent-Axia Group to Smiths Industries for £55.8m. Analysts said the move was positive for both groups and the shares of the former gained 4½ to 107½p, while the latter jumped 9 to 335p.

Trading in Rolls-Royce was boosted by a buy recommendation from County NatWest and turnover rose to 7.8m as the shares firmed a penny to 101p. The broker said: "Rolls-Royce offers investors an outstanding opportunity for long term capital growth."

Euro Disney continued to crumble as its two principal bears, Goldman Sachs and Paribas, succeeded in producing even gloomier forecasts. Mr Nigel Reed at Paribas increased his projected loss for the French theme park by 5 times to over FFr1bn for the year ended September 1993. Goldman is on FFr750m. The shares fell 43 to 725p.

Confident expectations ahead of Granada's results today helped the shares add 6 to 309p. Analysts forecasts of around £115m are thought likely to prove around £7-8m short. Queens Moat continued to attract attention with 11m shares traded, 3m of which comprised a bed and breakfast (tax-related) deal. The good two-way business left the shares steady at 45½p, talk of a deal with other hotel groups refusing to die away.

A stock overhang – said to be around 1.5m shares – continued to hold back Kwik Save. The shares fell 3½ to 727½p.

There was general disappointment in the market with interim profits from Racal Electronics. The latter's shares, which hit an all-time high last week, dropped 17, or 11 per cent, to 157p, after the figures were released.

Specialists said that although the results were at the very top end of market estimates, some of the super optimists were slightly disappointed and that a very substantial bull position in the stock had been unwound yesterday. Full-year estimates were being reined in from around the £55m-mark to the £52m level.

ACT, the computer group, slipped 2 to 141p, following the placing of a block of 6.5m shares at 137p late on Monday. The placing was executed in a matter of minutes by Credit Lyonnais Laing, the stockbroker. ACT is using the cash to help fund its purchase of NMW Computers and repay the latter's bank debt.

MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Steve Thompson.

■ Other market statistics, Page 20

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (107).
AMERICANS (12) BankAmerica, Bowater, Citicorp, Continental Bk, Eaton, Echlin, Gen. Host, Lowe's, Sun Co, US West, Varity, Whirlpool, **BANKS (2)** Abbey Natl., Dai Ichi, **BLDG MATLS (1)** Wolseley, **BUSINESS SERVS (3)** Chubb Sec., Hays, Rentokil, **CHEMS (5)** BOC, Croda, Euro. Colour, Halstead, Schering, **CONGLOMERATES (2)** Hanson 9½pc Cv Bd, Wassall, **ELECTRICALS (2)** Motorola, Toshiba, **ELECTRONICS (3)** GEC, Micro Focus, Rodime, **ENG GEN (2)** Barry Wehmiller, Weir, **FOOD RETAILING (4)** Argyll, Morrison (Wm), Do 5¼pc Rd Pf, Sainsbury, **HEALTH & HSEHOLD (1)** Amersham, **HOTELS & LEIS (3)** Granada, Do 7.5p Prf, Sleepy Kids, **INSCE COMPOSITE (3)** GRE, Gen. Accident, Royal Insce., **INSCE LIFE (1)** Refuge, **INV TRUSTS (32)** Alliance, American Tst, Do B, Anglo & O seas, Baring Pums, Brit. Assets, Do IL 2005, Brit Empire, ECU, English & Scot., Equity Consort, Fleming Amer., Fleming Inc & Cap Zero Prf, Foreign & Colonial, F & C Enterprise, Henderson Highland, I & S Optimum Zero Div, Jove Inc, Kleinwort O'seas, Law Debenture, M & G Cap, Malvern UK Index, Monks, Murray Inc, Newmarket Venture Cap, River & Merc Amer Cap, Scottish Inv., Scot. Mrtge & Tst, Scot. Nat Zero Div, Scot. Value, Sphere Zero Div, TR Tech., **MEDIA (5)** News Corp, News Intl, Reuters, Utd News, Watmoughs, **MISC (1)** Rhino, **MOTORS (1)** First Tech., **OIL & GAS (1)** Pict Pet, **OTHER FINCL (1)** Provident Fncl, **OTHER INDLS (2)** BTR, Do Wts '92/93, **PACKG, PAPER & PRNTG (4)** Bowater, Do 7.75pc Prf, Clondalkin, St Ives, **STORES (7)** Boots, Fine Art Devs., Kingfisher, MFI Furn., Next, Oriflame Intl, Storehouse, **TELE NETWORKS (2)** Brit Telecom, Do P/P, Vodafone, **TRANSPORT (4)** CSX, Cons Freightways, GATX, Powell Duffryn, **MINES (2)** Forsavth, Navan Res.
NEW LOWS (23).
CANADIANS (1) Gulf Canada, **BLDG MATLS (1)** Tudor, **CONTG & CONSTRCN (1)** Jarvis, **ELECTRONICS (2)** Graseby, Kewill Systems, **ENG GEN (2)** Hopkinsons, Whessoe, **HEALTH & HSEHOLD (1)** Swallowfield, **HOTELS & LEIS (1)** Resort Hotels, **INV TRUSTS (2)** Lon & Strathclyde, Murray Euro. Wts, **MEDIA (1)** Intl Business Comms, **MTL & MTL FORMING (1)** CI, **MISC (1)** Hornby, **MOTORS (1)** Dagenham, **OIL & GAS (1)** Aberdeen Pet, **PACKG, PAPER & PRNTG (1)** Stat-Plus, **PROPERTY (2)** Five Oaks, Prop. Partnership, **SOUTH AFRICANS (1)** OK Bazaars, **MINES (3)** East Rand Prp, Metana Minerals, Placer.

FINANCIAL TIMES EQUITY INDICES

	Dec 1	Nov 30	Nov 27	Nov 26	Nov 25	Year ago	High	Low
Ordinary share	2106.5	2095.9	2077.4	2056.0	2033.1	1836.3	2149.7	1670.0
Ord. div. yield	4.41	4.44	4.47	4.52	4.55	5.03	5.34	4.24
Earning yld % full	6.03	6.08	6.12	6.18	6.31	7.48	-	-
P/E ratio net	21.21	21.04	20.90	20.69	20.20	16.79	21.21	15.79
P/E ratio nil	19.52	19.36	19.23	19.05	18.65	15.84	-	-
Gold Mines	71.1	70.4	68.8	68.7	64.4	168.9	160.6	63.0

*for 1992 Ordinary share index since compilation: high 2149.7 22/5/92 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2092.0	2090.0	2092.9	2089.1	2089.7	2090.8	2099.8	2097.0	2104.4	2106.9	2085.9

Volume	Dec 1	Nov 30	Nov 27	Nov 26	Nov 25	Year ago
SEAQ Bargains	29,853	33,894	34,656	26,987	23,876	23,570
Equity Turnover(£m)†	-	1100.5	1197.7	1281.7	1135.1	900.63
Equity Bargains†	-	36,801	38,322	30,850	28,679	22,732
Shares traded (ml)†	-	550.4	562.0	589.2	487.9	428.6

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

A SQUEEZE helped the near month contract in Footsie futures close above the 2,800 level for the first time this year, in a session which saw an improvement in turnover, writes Joel Kibazo.

Trading in the December contract on the FT-SE began tentatively at 2,782, some 15 points below Monday's close but quickly improved and was soon hovering around the 2,800 level after buying from independent traders. Profit-taking saw it return to 2,782 and it traded in the narrow range up to 2,790 until lunch-time.

A sizeable order from a large securities house took other dealers by surprise and December jumped forward to the day's high of 2,812. The rest of the afternoon's trading was dominated by Wall Street, the contract losing momentum when New York eased and then following it upwards.

December closed at 2,807, up 10 on its previous close and around 9 points above its fair value premium to cash of about 4. Turnover improved on recent levels and reached 9,195 contracts. A healthy premium was maintained throughout the session.

In traded options, the volume in FT-SE 100 options improved on recent levels reaching 11,359 lots. However, the overall total at 26,838 contracts was poor. Rolls-Royce was the most actively dealt stock option with a total of 1,389 trades, and was followed by Hanson at 1,138 lots.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2792.0 +13.2	2644.5 +7.0	1318.76 +5.74

	Dec 1	Nov 30	Nov 27	Nov 26	Nov 25	Year ago	1992 High	1992 Low	Since compilation High	Since compilation Low
FT-SE 100	2792.0	2778.8	2760.1	2741.9	2709.6	2420.2	2792.0	2281.0	2792.0 1/12/92	986.9 23/7/84
FT-SE Mid 250	2644.5	2637.5	2627.6	2618.6	2611.1	2368.5	2825.0	2157.8	2825.0 20/5/92	1379.4 21/1/86
FT-SE-A 350	1345.5	1339.7	1331.5	1323.5	1310.3	1174.3	1345.5	1103.1	1345.5 1/12/92	664.5 14/1/86

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2772.0	2771.9	2776.8	2771.6	2774.4	2775.8	2787.1	2782.9	2794.4	2794.7	2768.2
FT-SE Mid 250	2634.8	2633.0	2635.1	2634.7	2633.8	2633.9	2637.2	2639.2	2642.7	2644.5	2630.4
FT-SE-A 350	1336.8	1336.6	1338.7	1336.6	1337.6	1338.2	1342.9	1341.4	1346.4	1346.5	1335.1

Gross dividend yield (ACT at 25%) FT-SE 100 4.33 %

FT-Actuaries All-Share

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Index No	Day's Change %	Est. Earnings Yield% (Max)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj 1992 to date	Mon Nov 30 Index No	Fri Nov 27 Index No	Thu Nov 26 Index No	Year ago (approx) Index No.
1 CAPITAL GOODS (175)	801.81	+1.5	7.06	5.34	18.45	30.03	789.94	781.76	776.35	734.48
2 Building Materials (23)	781.38	+1.7	6.73	6.91	20.93	37.11	766.51	758.00	755.61	867.69
3 Contracting, Construction (26)	654.82	+0.7	4.23	7.57	64.07	37.49	650.55	643.43	645.53	919.86
4 Electricals (9)	2207.06	+1.2	7.61	6.85	17.17	108.10	2180.12	2171.27	2162.23	2304.96
5 Electronics (28)	2241.92		6.79	3.80	18.70	51.29	2242.58	2205.60	2206.81	1609.51
6 Engineering-Aerospace (6)	260.36	+1.5	13.59	9.01	9.36	15.92	256.41	252.06	247.80	326.03
7 Engineering-General (43)	462.86	+0.8	8.60	5.07	14.85	16.90	458.99	453.72	454.46	452.10
8 Metals and Metal Forming (7)	297.97	+2.6	5.73	4.31	25.39	9.52	293.39	292.72	285.03	358.86
9 Motors (15)	332.18	+1.6	6.12	7.08	23.82	17.59	327.10	325.75	321.44	259.73
10 Other Industrials (18)	1877.28	+2.5	6.65	4.47	18.16	61.23	1832.33	1817.41	1794.31	1486.36
21 CONSUMER GROUP (192)	1722.50	+0.2	6.75	3.38	18.39	41.31	1719.57	1704.02	1690.08	1536.72
22 Brewers and Distillers (25)	2073.94	+0.3	8.03	3.56	15.04	43.06	2066.87	2032.51	2021.52	1860.50
25 Food Manufacturing (19)	1291.54	+1.0	8.10	4.14	15.43	39.42	1278.54	1269.99	1258.65	1183.04
26 Food Retailing (18)	3106.28	+0.1	8.29	3.03	15.69	70.26	3103.74	3069.00	3041.46	2363.71
27 Health and Household (26)	4338.47	-1.7	5.14	2.61	22.63	87.89	4412.00	4385.02	4368.51	4054.03
29 Hotels and Leisure (18)	1206.60	+0.6	6.56	5.67	20.09	46.03	1199.44	1196.49	1178.06	1253.13
30 Media (26)	1722.93	+1.1	5.81	3.06	21.45	38.77	1704.09	1694.65	1665.43	1423.25
31 Packaging, Paper & Printing (17)	757.26	+2.1	6.90	4.30	17.98	24.33	741.80	735.38	732.82	738.89
34 Stores (33)	1136.90	+1.4	6.41	3.19	20.65	26.44	1120.82	1103.94	1095.72	978.21
35 Textiles (10)	703.92	+1.8	6.72	4.33	18.76	23.43	691.73	691.19	659.60	598.90
40 OTHER GROUPS (115)	1407.45	+0.6	8.73	4.86	14.29	43.52	1399.11	1397.97	1394.09	1181.24
41 Business Services (17)	1437.69	+1.0	6.13	3.53	20.00	34.10	1423.31	1425.41	1409.77	1381.05
42 Chemicals (22)	1366.83	+1.2	6.70	5.36	18.89	54.36	1350.36	1339.78	1338.52	1381.92
43 Conglomerates (10)	1397.79	+0.6	8.25	7.74	15.51	40.93	1389.02	1358.65	1365.58	1526.09
44 Transport (13)	2659.60	+0.7	8.52	4.46	14.06	88.31	2641.18	2631.50	2620.57	2190.27
45 Electricity (16)	1491.36	-0.7	14.18	4.98	9.09	55.01	1501.27	1512.41	1509.20	1152.55
46 Telephone Networks (4)	1699.21	+1.1	7.85	4.02	16.57	48.45	1681.23	1676.26	1670.09	1420.75
47 Water (11)	3141.93	-0.8	14.39	5.56	7.68	95.06	3165.75	3192.11	3256.29	2184.95
48 Miscellaneous (22)	2423.93	+0.8	5.86	4.18	21.07	60.58	2404.64	2397.74	2396.40	1750.47
49 INDUSTRIAL GROUP (482)	1391.11	+0.5	7.46	4.20	16.79	39.71	1383.74	1374.72	1365.24	1221.51
51 Oil & Gas (18)	2191.52	+0.6	6.09	5.92	21.58	103.27	2178.15	2160.97	2158.79	2215.41
59 500 SHARE INDEX (500)	1466.13	+0.5	7.32	4.38	17.19	44.69	1458.24	1449.52	1440.36	1308.42
61 FINANCIAL GROUP (82)	856.07	-0.1	-	5.13	-	32.17	857.10	855.71	849.12	714.15
62 Banks (9)	1171.23	-0.6	5.25	4.76	28.54	40.52	1178.77	1178.43	1165.55	822.58
65 Insurance (Life) (6)	1739.28	+1.0	-	5.23	-	68.18	1721.96	1717.69	1720.52	1415.95
66 Insurance (Composite) (7)	646.73	-0.2	-	4.66	-	22.58	647.96	636.11	631.01	514.30
67 Insurance (Brokers) (10)	703.72	-0.3	8.92	7.60	15.06	47.71	706.19	707.37	712.15	1001.96
68 Merchant Banks (6)	458.15	+1.8	-	4.99	-	16.75	450.04	445.39	448.73	466.86
69 Property (30)	613.14	+0.7	9.19	6.91	14.23	28.61	609.01	617.95	614.78	537.56
70 Other Financial (14)	269.52	+0.8	7.44	6.21	17.70	10.81	267.50	267.92	265.99	236.86
71 Investment Trusts (69)	1281.63		-	3.38	-	31.02	1281.35	1274.53	1269.48	1139.13
99 ALL-SHARE INDEX (651)	1318.76	+0.4	-	4.45	-	41.18	1313.02	1305.22	1297.56	1166.18

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	1285.9	1286.8	1290.8	1291.6	1293.6	1293.8	1293.8	1293.8	1293.8	1293.2	1281.8	+11.4
Health&H	1332.2	1321.9	1321.1	1316.6	1320.5	1321.1	1323.4	1313.9	1318.7	1313.5	1336.4	-22.9
Water	1303.7	1295.6	1281.7	1286.1	1284.1	1281.7	1290.3	1294.3	1299.4	1299.2	1309.0	-9.8
Banks	1416.5	1421.9	1421.0	1419.8	1419.9	1419.6	1423.8	1421.7	1424.2	1423.2	1432.5	-9.3

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1992. © The Financial Times Limited 1992. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.
CONSTITUENT CHANGES: ADDITIONS: Leeds Group (35), Telemetrix (5). DELETIONS: Gardiner Group (41), HTV Group (30).

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red
"Shorts" (Lives up to Five Years)						
Treas 8¾pc 1993	100 3/16	—	100 13/16	97 13/16	8.23	6.89
10pc 1993‡‡	101⅛	-1/16	101 13/16	99 1/16	9.89	6.89
12½pc 1993‡‡	103⅛	—	104 1/32	100 15/16	12.09	6.81
Funding 6pc 1993‡‡	98 13/16	—	100	95 3/16	6.81	6.32
Treas 13¾pc 1993‡‡	106⅝	-1/16	107⅝	103 3/16	12.90	6.88
8½pc 1994	101⅞	—	102 13/16	96¼	8.34	6.71
14½pc 1994‡‡	109⅛	—	110 1/16	104 11/16	13.29	6.70
Exch 13½pc 1994	108 13/16	-1/16	110 11/16	103 11/16	12.42	6.84
Treas. 10pc Ln. 1994‡‡	104⅛xd	-1/16	105 13/16	98 13/16	9.58	6.88
Exch 12½pc 1994	108¾	-1/16	110 3/16	103 3/16	11.49	6.88
Treas 9pc 1994‡‡	103 13/16	—	104 11/16	96⅝	8.67	6.88
12pc 1995	109 3/16	-1/16	111 1/16	102 13/16	10.98	7.21
Exch 3pc Gas 90-95	94½	—	95¼	88¼	3.17	5.23
10¼pc 1995	107 3/16	-1/16	109⅛	99 3/16	9.56	7.18
Treas 12¾pc 1995‡‡	114⅛	—	116½	106⅛	11.16	7.24
14pc 1996	117½	+1/16	119 13/16	109 11/16	11.91	7.61
9pc 1992-96‡‡	103 3/16	—	104½	96 3/16	8.67	6.88
15¼pc 1996‡‡	122 3/16	+1/16	125¼	113 13/16	12.44	7.65
Exch 13¼pc 1996‡‡	116 13/16	+1/16	119 3/16	108	11.35	7.66
Conversion 10pc 1996	108 11/16	+1/16	110 13/16	98 13/16	9.23	7.54
Treas 13¼pc 1997‡‡	119¼	+1/16	121 13/16	109 11/16	11.11	7.72
Exch 10½pc 1997	118⅛	+⅛	112⅞	100 13/16	9.53	7.64
Treas 8¾pc 1997‡‡	104¼	+⅛	107½	94	8.35	7.54
8¾pc '97 ‡‡(£25 pd)	27 11/16	+1/16	30½	25	8.36	7.55
Five to Fifteen Years						
Exch 15pc 1997	128 3/16	+1/16	131 3/16	117 13/16	11.67	7.90
9¾pc 1998	109 11/16	+1/16	111 3/16	97 11/16	8.99	7.72
Treas 7¼pc 1998 (£25 pd)	24 11/16	+11/16	27 1/16	24 3/16	7.31	7.46
Treas 6¾pc 1995-98‡‡	96½	+1/16	99 3/16	86 11/16	6.98	7.46
15½pc '98‡‡	134	+¼	137 13/16	123 3/16	11.57	8.07
Exch 12pc 1998	118 3/16	+¼	121 1/16	107 11/16	10.15	8.11
Treas 9½pc 1999‡‡	107 13/16	+¼	111 3/16	97 1/16	8.81	7.85
Exch 12¼pc 1999	119 13/16	+1/16	123 3/16	109½	10.23	8.20
Treas 10½pc 1999	112 1/16	+⅛	116 3/16	101 13/16	9.34	8.01

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red
Conversion 10¼pc 1999	111 13/16	+1/16	115 13/16	100 11/16	9.17	8.02
9pc 2000‡‡	105⅝	+¼	109⅛	94⅝	8.54	8.02
Treas 13pc 2000	124 11/16	+⅛	128⅞	114 13/16	10.41	8.49
10pc 2001	109 11/16	+1/16	113 11/16	99 11/16	9.12	8.34
14pc '98-01	125 3/16	+1/16	128 13/16	115 13/16	11.15	8.13
9¾pc 2002	108½	+11/16	111⅞	98⅝	9.03	8.51
10pc 2003	109 1/16	+11/16	113 3/16	100 3/16	9.16	8.67
Treas 11½pc 2001-04	118 3/16	+1/16	120¼	107 3/16	9.87	8.65
Funding 3½pc '99-04	67½	+1/16	69⅝	59½	5.18	7.81
Conversion 9½pc 2004	106	+11/16	109 3/16	95 11/16	8.88	8.69
9½pc 2005	106 11/16	+11/16	109 3/16	95 11/16	8.86	8.71
Treas 12½pc 2003-05	124	+⅛	128¼	116 3/16	10.08	9.02
8pc 2002-06‡‡	94⅞	+¼	97 11/16	85½	8.43	8.72
Treas 11¾pc 2003-07	118⅝	+11/16	122¼	110 11/16	9.91	8.93
Treas 8½pc 2007‡‡	97 13/16	+11/16	100 11/16	88 11/16	8.72	8.80
13½pc '04-08	130 13/16	+11/16	135 13/16	123 11/16	10.32	9.10
Over Fifteen Years						
9pc 2008‡‡	101⅞	+11/16	104 13/16	93 11/16	8.88	8.84
8pc 2009	92¼	+½	95 3/16	85 3/16	8.67	8.90
8pc 2009 A (£25 pd)	22⅞	+½	25 13/16	21⅞	8.88	8.92
Conv 9pc Ln 2011‡‡	100 13/16	+1/16	103⅝	93 11/16	8.94	8.92
Treas. 9pc 2012	100 11/16	+11/16	103 11/16	93 11/16	8.94	8.93
9pc 2012 A	100 3/16	+11/16	103½	94¼	8.95	8.93
Treas 5½pc 2008-12‡‡	70 13/16	+11/16	72⅝	62⅞	7.80	8.64
7¾pc 2012-15‡‡	88⅞	+⅛	92 1/16	81 13/16	8.82	8.79
Exch 12pc '13-17	126 3/16xd	+11/16	130 13/16	118 13/16	9.58	9.16
Treas 8¾pc 2017	97 13/16	+11/16	101 3/16	91 13/16	8.94	8.97
8¾pc 2017 A‡‡	97¼	+11/16	101 3/16	91 1/16	8.95	8.97
Undated						
Consols 4pc	44⅝	—	45 3/16	39⅝	9.01	-
War Loan 3½pc‡‡	38 13/16	+1/16	40¼	35 1/16	9.02	-
Conv 3½pc '61 Aft	61⅞	+¼	63 13/16	59	5.68	-
Treas 3pc '66 Aft	34⅞	—	35	29 11/16	8.73	-
Consols 2½pc	28⅞xd	+1/16	29 13/16	24 11/16	8.85	-
Treas. 2½pc	27 13/16	-1/32	29	24 11/16	8.99	-

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1992 high	1992 low	Yield Int. (1)	Yield Red (2)
Index-Linked (b)						
Treas. 2pc '94 (102.9)	132½	—	132⅝	122½	8.44	2.18
2pc '96 (67.9)	186⅛	-⅛	187¼	176 3/16	1.90	2.59
4⅝pc '98 (135.3)	106¼	-⅛	108 1/16	100 11/16	2.89	3.44
2½pc '01 (78.3)	160 3/16	—	162 13/16	135 3/16	3.19	3.52
2½pc '03 (78.8)	155¼	—	158⅞	135	3.33	3.61
4⅜pc '04 (135.6)	56¼	+1/16	59½	51½	3.51	3.77
2pc '06 (69.5)	159⅝	-1/16	162 13/16	137 3/16	3.52	3.75
2½pc '09 (78.8)	144 3/16	-1/16	147 13/16	124 13/16	3.67	3.87
2½pc '11 (74.6)	148⅛	-⅛	152 13/16	129 1/16	3.71	3.90
2½pc '13 (89.2)	121 13/16	—	126 1/16	106 3/16	3.76	3.93
2½pc '16 (81.6)	129 13/16	-1/16	133 13/16	112⅞	3.78	3.94
2½pc '20 (83.0)	124 3/16	-1/16	128 13/16	107 13/16	3.82	3.96
2½pc '24‡‡ (97.7)	102½	—	106 11/16	88⅞	3.85	3.98
4⅛pc '30‡‡ (135.1)	103 3/16	—	107 13/16	91 13/16	3.86	3.99

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1992: 138.8 and for October 1992: 139.9.

OTHER FIXED INTEREST

Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red
African Dev 11¼ 2010	115¼	+⅛	116 3/16	105⅞	9.61	9.26
Asian Dev 10¼pc 2009	109⅞	+½	111 13/16	100 1/16	9.41	9.18
B'ham 11½pc 2012	113½	+½	118	102¼	10.13	9.93
Ireland Cap 8½pc '10	96½	+½	103	88⅛	8.81	-
9pc Cap 1996	101¼	—	105½	90	8.85	-
13pc '97-02	118	—	119¼	103⅞	11.30	-
Hydro Quebec 15pc 2011	138 3/16	+11/16	141 13/16	130⅞	10.85	10.31
Leeds 13½pc 2006	127	+¼	129½	116¼	10.63	9.90
Liverpool 3½pc Irred	34¼	—	38	30	10.22	-
LCC 3pc '20 Aft	29½	—	32	27	10.17	-
Manchester 11½pc 2007	113½	—	115½	103¼	10.13	9.77
Met. Wtr. 3pc 'B'	62¼	+¼	63¼	53	4.82	8.50
N'wide Anglia 3⅞pc 2021	117⅛	+¼	121	103¼	-	4.99
4⅛pc IL 2024	115½	—	118¼	103¼	-	4.87
Utd Mex States 16½pc 2008	131½	+½	131½	121½	12.55	11.99

AMERICANS

	Notes	Price £	+ or -	1992 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	h	20¼xd	-⅞	21	14⅝	17,888	1.9
Allegheny & W	♥	430p	+7	454p	226p	227.8	4.3
Amdahl		463p	-55	1159p	455p	528.0	1.4
Amer Cyanamid		38⅛	-⅛	38½	28⅝	3,449	2.7
Amer Express		15xd	-⅞	15⅞	10⅞	7,151	4.2
Amer T & T		31⅛xd	-¼	31½	20⅛	41,382	2.7
Ameritech		44½	-⅝	49⅛	32½	19,489	5.0
BankAmerica		30⅞xd	+⅝	30⅞	19⅞	16,638	2.7
Bankers NY		43⅛xd	-⅝	44	28⅞	3,451	4.1
Bell Atlantic		31¼	—	31½	23⅛	13,491	5.2
BellSouth		32¼	-⅛	34⅛	25	15,786	5.5
Bethlehem Steel	♥	10⅛xd	+⅞	10⅛	5⅞	818.9	—
Bowater		1811pxd	+7	1811p	905p	893.8	4.7
CPC	h	31½xd	-⅞	33	22⅞	4,771	2.4
Cadiz Land Inc	♥	115p	—	342p	108p	—	—
California Engy		974p	—	999p	591p	177.3	—
Chase Manhattan		18⅞xd	-⅞	18⅛	9⅛	2,697	4.2
Chrysler		18⅞xd	-⅞	18⅝	6¼	5,720	1.9
Citicorp		12⅞xd	+⅝	12⅞	5⅞	4,068	—
Colgate-Palm		39xd	-1	43⅛	25¼	6,217	2.0
Cont'l Bank		1321p	+44	1321p	499p	1,334	2.9
Dana		26⅛xd	-⅞	28⅞	14⅞	1,286	3.8
Data General		762p	+5	1004p	384p	207.5	—
Decora Inds	♥	148p	—	148p	65p	—	—
Dun & Brad		38	—	38⅞	27⅝	6,788	3.8
Eaton		49¼	+¼	49¼	32½	1,789	2.8
Echlin		13¼xd	+⅞	13⅞	7⅞	788.8	3.2
FPL		23xd	-½	23⅞	17⅞	4,154	6.8
Fluor		30⅝xd	-⅞	30⅞	19¼	2,485	0.8
Ford Motor		27¾xd	—	27¾	15	13,529	2.3
Gen Elect		54⅞xd	-⅛	55	36¾	46,838	2.9
General Host	♥	611p	+22	611p	380p	—	3.7
Gillette		38⅞xd	-⅞	40	23⅞	8,492	1.2
Hasbro		23½	—	23½	12⅞	2,840	0.5
Honeywell		44⅞xd	-⅞	44⅝	32	3,078	2.5
Houston Inds		29⅞	—	29½	22	3,884	6.4
IBM		44⅞xd	+⅞	54½	39⅞	28,325	6.9
Ingersoll-Rand		21xd	+¼	21	12⅞	2,178	2.1
Lockheed		33	—	33	22⅞	2,024	4.0

BUILDING MATERIALS - Cont.

	Notes	Price	+ or -	1992 high
Starwin		6½	—	˚15
Tarmac		98	+5	161
Tilon	‡†	134	—	170
Travis Perkins		167	-1	228
Tudor	‡‡	25	-2	36
Unigroup		11	—	24
Waterhouse	‡	28	—	43
Wickes		79	—	˚184
Wolseley	‡	568	+3	598

BUSINESS SERVICES

	Notes	Price	+ or -	1992 high
ADT $		598	+2	633
Adam & Harvey		198	—	248
Air London	‡	68	—	127
African Lakes		37	—	63
Asso'ted Sec	†	138	+1	192
BET	‡K	89xd	+3	˚288
BNB Res		44	—	100
BPP	‡†	283	—	˚283
Barbour Index		228	—	280
Boustead		13	-1	30½
Bridgend	‡	13	—	33
Brit Data Mangt	L	155	+1	165
Brooks Service	‡	56	—	101
CRT		77	—	142
Capita	†	388	+2	422
Casket	†	31½	+½	38
Chiltern Capital A$		42	-1	270
Christie Group		22	—	39
Chubb Security	L	227	+1	233
Comac	‡	21	—	43
Corp Servs	‡	5⅛	—	31
Dart		63xd	—	˚125
Davis Service		198	-1	216
EW Fact	‡†	85	—	118

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1992 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv	188	—	194	147	3.4	214.3	14.6
Warrants	33½	—	38	21	—	—	—
Scot Mortgage	177½	+½	178	135	2.9	204.6	13.3
Scot National Inc	78	—	107	65¾	15.1	—	—
Cap	19	—	42	12½	—	33.2	42.7
Stepped Pf	182	+½	155½	126	6.3	—	—
Zero Div Pf	204	+½	204	166½	—	—	—
Warrants	5	—	9	3	—	—	—
Scot Value	68	+½	68	45	3.5	68.6	1.5
Sec Alliance	1353	-5	1360	1086	3.8	1528.4	11.5
Second Market	253	—	255	222	0.8	297.6	15.2
Sec Tst Scot	71¾	+½	75½	61	6.8	78.1	8.1
Select Assets	108	—	108	78½	1.1	154.9	30.0
Eq Ind Serl	126	—	128	106	4.5	—	—
Eq Ind Serl	126	—	128	106	4.5	—	—
SHIRESCOT	100	—	100	98	—	101.5	1.5
Shires	237	—	240	186	10.5	222.4	-6.4
11pc Cv Ln '03/04	£119½	—	£119½	£95½	9.2	—	—
Siam Select	98	—	108	68	8.3	134.8	26.9
Warrants	16	—	21	10	—	—	—
Smaller Cos	67	+1	66	66	5.9	77.9	14.0
Warrants	13	—	20	10	—	—	—
Somerset Tst	132	—	140	55	—	89.0	-48.3
Sphere Inc	12	—	20	9½	34.4	23.1	50.3
Zero Div Pf	77¾	—	78	63¾	—	—	—
Sumit	36	—	66	30	4.6	93.2	61.4
TR City of Lon	121½	+½	127½	97½	4.8	93.2	61.4
TR Euro Growth	75	—	98	70	5.2	120.9	0.5
Ptg Sub	33	—	54	33	2.4	100.1	25.6
TR Far East Inc	113	-2	115	76	6.6	—	—
Warrants	18½	-1	22	12	5.3	120.3	6.5
TR High Inc	106	—	111	91	7.4	108.0	-1.6
Sub	21	—	35	21	9.6	—	—
TR Pacific	106	-2	107	70	0.3	110.8	5.3
TR Prop	17½xd	—	27	14½	‡	26.7	35.0

MEDIA - Cont.

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Trinity Intl	281	-2	308	222	183.5	4.0
Ulster TV	287	—	299	154	27.0	3.9
Utd News	487	+4	487	323	972.5	5.7
VTR	38	—	65	37	2.78	11.9
WPP	48	-2	118	31	111.3	—
Warrants	5	—	8½	1½	0.25	—
Watmoughs	485	+6	488	391	158.1	2.9
Yorkshire Tyne-T.	114	—	191½	113	86.9	14.0
Warrants	9	—	18	9	0.89	—

MERCHANT BANKS

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Ansbacher (H)	31	—	34	26	57.9	—
Baring 8pc Cv 2nd Pf	98½	+½	101	83½	12.1	11.1
9¾pc Non-Cum Pf	115	+½	125	100¼	48.0	11.3
Close Bros	255	+20	267	205	98.8	5.0
Hambros	225	+5	282	202	388.7	8.2
7½pc Cv Pf	108½	—	119	91½	164.3	9.1
Joseph (L)	308	—	335	308	16.2	6.9
Kleinwort Benson	279	+1	324	212	384.7	7.6
Rea Bros	36	—	37	25	14.1	1.9
Schroders	1288	—	1385	1043	851.6	1.8
N/V	1098	—	1156	863	144.1	2.2
Singer & Fried	44	+2	60	34	94.6	7.6
Warburg (SG)	488	+13	686	403	1,016	4.9
8pc Cv Pf	168	+2½	284	137	71.6	4.8
Wintrust	190	—	253	188	16.1	6.5

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

MEDIA

OIL & GAS

OTHER FINANCIAL

OTHER INDUSTRIALS

MOTORS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
Forth Ports W	198	—	201½	119	83.7	3.7	10.0
GATX $	£19⅛	+¼	£19⅛	£13¼	376.4	4.1	—
Graig Shipg	71	—	100	70	5.86	8.5	—
IoM Steam	150	—	203	150	22.6	6.7	7.2
Jacobs (JI)	22	—	39	22	5.87	11.5	13.1
Lon O'Seas Frts	48	—	69	47½	7.28	3.5	2.9
Man Ship Can	£13⅝	—	£15⅛	£12⅝	54.5	0.4	5.5
Mayne Nick A$	281	-15	350	230	822.7	5.9	9.1
Mersey Docks †	258	—	268	190	153.7	3.1	14.2
NFC Var Vtg	270	+2	285	216	1,597	3.0	21.7
Norex	121	-1	131	54	11.9	2.2	3.9
Norish IE	115	—	120	91	8.86	14.4	6.2
Ocean Grp	227	-1	357	170	348.1	8.4	10.3
Ocean Wilsons z	43	+2	63	31	17.1	8.2	27.2
P & O Dfd	491	+6	585	296½	2,784	8.3	17.3
5½pc Pf	150	+1	152	87	180.6	4.9	—
8¾p Cv Pf	110	—	111	80	81.1	8.2	—
Powell Duffryn	436xd	+7	438	267	281.3	6.9	20.0
Sea Containers $	1140	-37	1348	771	113.6	3.9	—
Seacon	116	+3	117	96	11.3	4.8	8.2
Seafield IE	6½	—	21	6½	4.30	—	0.5
TIP Europe	27	-1	68	27	45.7	6.9	◆
TNT A$	27½	-1	87	24	155.4	—	—
Tibbett & Britten	600xr	-4	606½	495½	286.2	2.4	23.5
Tiphook	276	-4	478	214	302.8	8.4	4.7
Transport Dev	281	+5	307	206	367.5	5.0	15.0
Vard NKr	£2⅞	—	£3⅛	£2⅝	93.0	—	—
Wah Kwong HK$	110	—	112	77	136.2	2.6	5.6

WATER

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglian †	485	-3	502	308½	1,371	5.6	8.3
Bristol Water	705	—	710	485	41.6	5.3	10.1
Chesm A	179	—	189	170	9.00	5.8	8.2
B N/V	182	—	179	135	3.88	6.2	7.4
East Surrey †	247	—	247	200	31.6	5.2	6.2
Mid Kent †	244xd	—	265	163	41.5	5.2	7.8
North West †	473	+3	513	323	1,606	5.6	8.2
Northumbrian †	523	-15	564	338	358.4	5.3	5.3
Severn Trent	444	—	479	298	1,578	5.8	6.8
Southern	446	-7	485	301	731.9	5.8	7.4
South Staffs †	1196xd	—	1308	670	64.2	4.5	7.7
South West †	478	-7	524	306	601.6	6.2	7.1
Thames †	478	-4	518	324	1,842	5.4	9.0
Welsh †	505	-2	546	337	732.5	5.7	5.8
Wessex	665	-7	693	366	573.9	4.7	8.1
Yorkshire	501	-13	547	336	992.5	5.2	8.5

SOUTH AFRICANS

Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind	£7½	—	£14⅝	£7½	428.2	10.5	4.7
Barlow Rand	58xd	+⅛	£10⅝	£5½	1,172	6.3	◆
Gold Flds Prop	58	—	118	49	5.73	19.6	7.4
New Klein Prop	150	—	159	105	3.62	9.1	6.0
OK Bazaars ‡	74	-2	180	74	74.2	‡	—
SASOL	212	-3	345	190	1,199	8.1	◆
SA Brews	780xd	-2	1020	665	4,024	3.8	11.5
Tiger Oats	568	-49	787	512	882.4	2.9	◆
Tongaat-Hulett	288	+3	480	187	163.1	8.0	4.7

PLANTATIONS

Notes	Price	+ or -	1992 High	low	Mkt Cap£m	Yld Gr's
Rubbers, Palm Oil						
Anglo-East Z	39	—	39	33	11.1	1.3
Bertam	78	—	84	50	16.5	4.5
Cons Plants M$	49	—	61	30	343.6	7.4
Golden Hope M$	45	—	47	29½	409.1	5.3
Highlands M$	29	—	31	20	87.8	10.1
Kuala Kepong M$	78	—	79	54	322.0	5.1
Rowe Evans	41	—	43	32	14.8	3.3
Teas						
Moran	133xd	—	195	120	5.93	1.0
Williamson	600	—	1000	575	19.2	4.5

MINES

Notes	Price	+ or -	1992 High	low	Mkt Cap£m	Yld Gr's
Central Rand						
Durban Deep	131	-1	375	122	3.85	—
East Rand Prp	90	-1	188	90	16.0	—
Randfont'n Est	189	-2	334	136	110.1	10.9
West Rand ‡	59	—	105	42	2.13	‡
Eastern Rand						
AFMDN ♥Z	0½	—	6	0½	0.12	22.0
Bracken	10½	—	25	11	2.69	—
East Daggs ‡	62	-1	154	69	7.25	‡
Eastern Trans ‡	17	—	65	17	14.7	‡
ERGO	48	—	121	39	21.9	24.4
Grootvlei ‡	50	—	90	44	8.41	‡
Kinross	361	-3	795	292	65.0	15.6
Leslie	26	—	80	21¾	4.48	17.1
Rendex	4	—	18	1	0.30	—
Winkelhaak	344	+5	630	255	41.9	6.5
Far West Rand						
Blyvoor	48	—	118	39	12.8	15.1
Buffels	393	-3	868	208	38.3	13.8
Deelkraal	54	+6	125	48	53.8	12.7
Doornfontein	14	—	48	8¼	5.60	—
Driefontein	493	+4	768	388	944.6	8.1
Elandsrand †	197	-1	478	120	132.9	5.6
Hartebeest ‡	121	+2	281½	104	135.5	‡
Kloof	509	+5	824	293	522.4	5.2
Southvaal †	£6½	+¼	£12⅞	£4⅞	148.8	10.4
Stilfontein	18½	—	60	18	2.42	—
Vaal Reefs †	£19	-⅛	£48	£15	383.2	12.4
Western Areas	35	+2	99½	26¼	14.1	—
Western Deep ‡	£7⅞	—	£23¾	£5⅞	206.1	‡
Zandpan ‡	25	—	45	20	28.0	‡

MINES - Cont.

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price-earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed, dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed, dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- ◆ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Not subject to ACT. z Dividend yield includes a special payment. E Auction basis. F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1993-94. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xll ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT9447. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above

FT Cityline

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Annual subscription £250.00 stg.
Call +44 71-926 2128 for more details.

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✥) - 0001 to 1100 hours; (✥) - 1101 to 1400 hours; (✥) - 1401 to 1700 hours; (✥) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sharp (Albert E) & Co (1000)F						
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
Intl Bond & Cons	5	117.00	117.40	123.60	-0.20	5.40
Pooled Pension	3½	140.1	144.6	149.6		
Smaller Cos	2	50.46	52.27	55.02		2.73
UK General	5	111.90	113.50	119.50	+0.40	5.51
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071 407 5966						
Income	5	362.56	362.56	384.31	-0.03	5.37
Global Inc	5	51.71	51.71	54.81	+0.31	4.49
Brit Leaders	5	306.64	306.64	325.04	-0.73	3.14
Intl Leaders	5	167.35	167.35	177.37	+1.20	1.85
	3½	48.79	49.88	51.82	+0.11	3.28
	3½	48.79	49.88	51.82	+0.11	3.28
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trust	6	46.98	47.11	50.11	+0.41	1.58
Far Eastern Tst	6	51.72	52.37	55.71	-0.70	0.88
Smaller Cos	5	112.2	117.0	124.5	+0.9	2.96
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS. 071-637 5377						
S & W American	5	271.4	271.9	287.7	+1.6	0.90
S & W Capital	5	108.0	108.0	115.7	+0.3	1.84
S & W Cash	0	101.34	102.34	101.34	+0.04	6.85
S & W European	5	105.3	105.5	111.6	+1.0	1.25
S & W Far Eastern	5	111.4	112.5	119.0	-1.4	0.01
S & W Growth	5	115.5	117.0xd	123.9	+0.9	1.24
S & W Income	5	99.36	100.6	106.6	+0.2	5.56
S & W Magnum	5	114.3	114.3	122.6	+0.2	1.79
S & W Smllr Secs	5	250.3	255.9xd	270.7	+0.9	0.66
S & W Thoroughbred	5	132.0	132.0xd	141.7	+0.3	1.75

Societe Generale Tousche Remnant (1600)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250
4 Hourly Pricing – 12 Noon Historic

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Prolific Life & Pensions Ltd
Stramongate, Kendall, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
Balanced Gwth Mngd.	626.1	666.1	-3.1	–
Adventurous Mngd.	150.2	159.8	-0.5	–
Cautious Mngd.	120.2	127.9	----	–
Cash Fd.	314.1	331.0	----	–
Property Fund	217.5	231.4	----	–
Equity Fund	717.5	763.3	-2.9	–
Fxd Int. Fund	392.1	413.2	-1.9	–
International	322.0	342.6	-2.1	–
High Income	542.3	577.0	-1.9	–
Far East	421.6	448.6	-5.5	–
North American	425.1	452.3	-0.6	–
Special Sits	497.6	529.4	-8.6	–
Technology	423.5	450.6	+0.4	–
Extra Inc Fd.	296.7	315.7	-1.0	–
Convertible & Gilt Fd.	142.9	152.1	+1.0	–
American Income	169.3	180.2	-0.2	–
Gilt Fund 20	429.8	457.3	-4.1	–
European Fund	114.1	121.4	-0.1	–
Pref & Fixed Int.	107.3	114.2	-0.1	–
UK Blue Chip	112.3	118.4	+0.4	–
Recovery Fund	103.6	109.2	----	–
Equity Income Dist.	100.5	107.0	+0.2	5.01
Managed Dist.	95.9	102.1	----	5.31
High Yield Dist.	99.8	105.2	+0.1	7.86
Pension Funds				
Balncd Gth Mgd Pens Acc.	721.9	759.9	-0.4	–
Adventurous Mgd Pens Acc.	156.6	164.9	-0.5	–
Cautious Mngd Pens Acc.	138.4	145.7	+0.3	–
Building Soc. Acc	361.3	380.4	----	–
Property Pens. Acc.	295.3	310.9	----	–
Fix. Int. Pens. Acc.	617.5	650.0	-4.1	–
Equity Pens. Acc.	915.5	963.7	-2.2	–
International Pens Acc.	296.9	312.6	-2.3	–
High Inc Pens Acc.	607.2	639.2	+1.5	–
Tech Pens Acc.	300.2	316.1	-0.6	–
N American Pens Acc.	320.0	336.9	-0.8	–
Far Eastern Pens Acc.	415.5	437.4	-6.2	–
Special Sits Pens Acc.	408.7	430.3	+0.5	–
Extra Income Pens Fd	361.2	380.3	+1.5	–
Convertible & Gilt Pen.	174.7	183.9	-0.1	–
American Inc Pens.	194.4	204.7	+0.6	–
European Pens.	136.4	153.1	-0.2	–
Managed Cash Pens.	170.1	179.1	----	–
Pref & Fixed Pens	125.3	131.9	-0.1	–

Reliance Mutual
Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or –	Yield Gross
Deposit Acc Fd.	167.0	175.7	----	–
Equity Acc Fd.	385.4	405.7	+1.9	–
Managed Acc Fd	337.1	354.8	----	–
Prop Fd (1st Issue)	–	614.1	----	–
Prop Acc Fd (2nd Iss)	121.4	127.8	----	–
Unit Trust Mn. Fd.	156.0	164.2	----	–
RL Pension Funds				
Deposit Acc.	261.9	294.7	+0.1	–
Equity Acc.	283.1	298.0	+1.8	–
Fixed Int Acc.	242.8	255.6	----	–
Gilt Indx Lnk Acc.	184.6	194.3	----	–
Managed Acc.	372.7	392.3	----	–

J Rothschild Assurance PLC
J Rothschild House, Dollar Street, Cirencester
Telephone: 0285 640302 Helpline: 041 307 6500

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
JRA/M&G Managed	109.2	115.0	+0.30	–
JRA/Scottish Amicable Mngd	104.2	109.7	+0.80	–
JRA/St James's Place Mngd	111.8	117.7	+0.90	–
Deposit	99.30	104.6	----	–
Far East	115.9	122.1	-0.60	–
Gilts	102.8	108.3	-0.70	–
Greater European	107.9	113.6	+0.80	–
North American	126.1	132.8	+0.30	–
UK Equity	108.1	113.8	+0.90	–
Pension Funds				
JRA/M&G Managed cap.	106.7	112.4	+0.40	–
JRA/M&G Managed acc.	110.0	115.8	+0.40	–
JRA/Scottish Amicable Mngd cap.	100.9	106.3	+1.30	–
JRA/Scottish Amicable Mngd acc.	104.1	109.6	+1.40	–
JRA/St James's Pl Mngd cap.	114.0	120.0	+1.00	–
JRA/St James's Pl Mngd Acc.	117.4	123.6	+1.10	–
Deposit cap.	99.50	104.8	----	–
Deposit acc.	102.6	108.0	----	–
Far East cap.	113.0	119.0	-0.80	–
Far East acc.	116.4	122.6	-0.80	–
Gilts cap.	100.7	106.1	-0.90	–
Gilts acc.	103.8	109.3	-0.90	–
Greater European cap.	107.7	113.4	+1.00	–

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline For further details call (071) 925 2128

	Bid Price	Offer Price	+ or -	Yield Gross
IBT Global Funds Limited				
Intl Stlg Gwth	£20.42	21.51	.....	-
Intl $US Gwth	$17.61	18.56	.....	-
High Income Gilt	£26.04	26.99	.....	-
International Equity	£20.83	21.93	.....	-
International Bond	£22.55	23.38	.....	-
Managed Currency	£27.75	28.04	.....	-
Sterling Currency	£26.38	26.66	.....	-
US$ Currency	$37.72	38.11	.....	-
Wth & Currency	£15.07	15.23		-
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.01	11.48		-
B.F. Offshore Inc Fd Ltd	£11.49	12.10	.....	-
Target International (Isle of Man) Ltd				
NMC Offshore Fd	£9.13	9.82	.....	-
[illegible]	£9.24	9.49		-

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36633						
AIB Currency Funds Ltd						
Intl Managed Bond	5		£– 21.8056	21.0186		-
Managed Capital Bd	5		£– 21.8531	21.0822		-
AIB Combined Currency Fund Limited						
Stlg Mngd Currency	5		£–	10.9203		-
Sterling Currency Fd	5		£–	10.5206		-
Ecu Currency	5		Ecu–	10.7317		-
US Dollar Mngd Curr	5		$–	21.4322		-
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67888						
Australian Eq (Inc)	5¼	£0.852	0.856	0.916	[illegible]	1.0
Global Income (Inc)	5¼	£0.502	0.502	0.537	[illegible]	2.4
Global Resources	5¼	£0.403	0.407	0.435	[illegible]	0.6
Currency Funds						
Stlg Premium Income		£10.00		10.01	-0.21	6.5
Sterling		£–		23.46		6.5
US Dollar		$–		32.40		1.8
Deutschemark		DM–		60.40		7.3
Yen		Y–		4210		2.4
Managed Multicurrency		£– 15.26		15.81	-0.05	-
Managed Multicurrency		$– 25.98		26.90		-
Bond Funds						
Sterling Bond	3½	£– 0.418		0.434	[illegible]	9.0
Capital House Fund Mgrs (CI) Ltd (0900)H						
PO Box 189, Capital Hse, Bath St, St. Helier, Jersey						
Tel. 0534 74689 (Dealing) 0534 75639 (Helpline)						
Facsimile 0534 79040 Telex 4192136						
Capital House International Growth Funds Ltd						
Equities						
UK Equity	5¼	£1.428	1.448	1.537	[illegible]	-

	Bid Price	Offer Price	+ or -	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloydsmoor World Inv Port	£2.478	2.602		1.25
Dealing weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge (z)	£9.81	9.85	-0.02	9.54
Minerals, Oils Res. Shrs. Fd. Inc.				
Mores Nov 26	$13.02	13.29		3.01
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income(z)	52.8	56.0		8.11
UK Equity Fd (z)	215.2	229	+0.01	2.79
*Intl Bond Fd	99.9	103.0		7.09
*Sterling Mngd Asset Fd	539.6	568.0		5.00
*Sub. day every Thurs				
NatWest TrustCur Currency Fund (z)				
Dollar Class	$38.1127		+0.0252	-
Sterling Class	£26.8690		+0.0050	-
D-Mark Class	DM83.3123		+0.0186	-
Dutch Guilder Class	Dfl82.7946		+0.0269	-
Japanese Yen Class	Y7952.5487		+0.6487	-
Ashburton Replica Portfolio Ltd				
Ashburton Replica P'folio Ltd £	13.13	11.58		-
Ashburton Replica P'folio Ltd $	$10.21	10.60		-
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Nov 26	$34.15	36.32		-
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$3.6604	3.8900		-
Offshore Japanese Gwth Fd	$0.9151	0.9725		-
Offshore Am Gwth Fd	$6.3712	6.7707		-
Offshore Emerging Cos	$3.7329	3.9659		-
Offshore European Fd	$1.4476	1.5384		-
Offshore Far Eastern Fd	$2.2312	2.3711		-
Offshore UK Growth Fd	$1.7181	1.8259		-
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Nov 27		54.27		-
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£14.42	14.64		1.43
LFM Defensive Strtgy	£11.35	11.95		-
Royal Trust Intl Fd Mngt Ltd				
Sterling Fxd Int (x)†	99.48	100.90	+0.50	7.63
Intnational Bond (x)†	$1.122	1.134	+0.001	5.70
†Prices on Nov 25. Next dealing Dec 2.				
Schroder Mngt Services (Jersey) Ltd				
Schroder Money Funds Ltd				
Sterling	£36.4101			6.97
US $	$48.6949			1.95
D-Mark	DM82.9820			7.87
Swiss Franc	SFr77.3004			4.98
Yen	Y5151.53			2.74
Scimitar Worldwide Money Fund Ltd				
Sterling	£25.4118		+0.0056	7.86
US $	$37.1432		+0.0026	2.64
D-Mark	DM80.1584		+0.0168	8.08

Cresvale Group (u)
11 Rue Aldringen L-1118 Luxembourg

DB Investment Management
2 Boulevard Konrad Adenauer, Lux

Den norske Bank
11 Rue Aldringen 2960 – Lux

Bisa Income Fund
68 Blvd Petrusse, L 2320, Luxembourg

Dresdnerbank Asset Mngmt
13 Rue Beaumont, L-1219 Luxembourg

Eagle Star – Global Assets
5 Rue Aldringen L-1118 Luxembourg

EquiFund–Wright National
14 rue Aldringen, L-1118 Lux

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark gains at expense of $

COMMENTS from the Bundesbank, stressing its commitment to current German interest rates, put pressure on several European currencies. They also overshadowed positive economic data in the US which might have been expected to boost the dollar, *writes Peter John*.

Mr Helmut Schlesinger, the president of the German central bank had said in an interview reported yesterday that there was no room for any easing of monetary policy in the near term.

Asked whether the German bank was coming under pressure to change its policy, Mr Schlesinger was quoted as saying: "As the position now stands, with such strong monetary growth and price increases, we cannot at present act on such wishes."

However, he added: "We do not have to maintain a certain interest rate level ad infinitum. If we see that our tasks have been eased by economic developments, then we can take this into account."

The currency to suffer most was the French franc which has been languishing near the bottom of the exchange rate mechanism and has become the focus of devaluation worries.

The Bank of France bought francs in an apparent effort to hold the franc above FFr3.41 against the mark several currency dealers said. One said the central bank had bought FFr30m (£3.64m) from him at FFr3.4095.

Another trader commented: "There was fairly heavy and fairly continuous buying by the French central bank although it was nothing like the intervention we saw in September."

He added that as the whole credibility of the ERM comes under scrutiny weak points are being tested across the whole range. Because Belgium and the Netherlands are so closely linked to the D-Mark, France is the key indicator and many are beginning to feel that if it drops through the ERM floor the mechanism could crumble.

Dealers said the French central bank dipped in to the market throughout the late morning and early afternoon, but it had not been clear it was trying to influence prices until its purchases in the afternoon. The franc fell to DM3.412 from DM3.396.

The US currency also suffered despite better than hoped for figures from the National Association of Purchasing Managers, construction spending and the October leading economic indicators.

The dollar closed at DM1.580 in London against DM1.594 previously and continued weak after the European markets closed. However, it was firmer against the Yen at Y124.5 against Y124.4.

There was consistent buying of the D-Mark which was generally firmer against most currencies.

In fact, the only currency to hold out was sterling which surprised the market by its resilience and lifted to DM2.427 against DM2.412.

Dealers said there was a strong rumour that a big institutional fund had been a heavy buyer of sterling.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 1	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	176.507	-3.12	4.39	52
Spanish Peseta	143.386	141.471	-1.34	2.50	23
Belgian Franc	40.6304	40.2558	-0.92	2.07	42
Dutch Guilder	2.21958	2.19978	-0.89	2.04	41
D-Mark	1.96992	1.95574	-0.72	1.86	43
Irish Punt	0.735334	0.741935	0.90	0.23	-43
French Franc	6.60683	6.66779	0.92	0.21	-54
Danish Krone	7.51410	7.59904	1.13	0.00	-54

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

£ IN NEW YORK

Dec 1	Latest	Previous Close
£ Spot	1.5440-1.5450	1.5150 1.5160
1 month	0.43-0.42pm	0.48 0.45pm
3 months	1.25-1.22pm	1.31 1.28pm
12 months	3.70-3.60pm	3.70 3.60pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec 1	Previous
[illegible]	[illegible]	[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

Dec 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

Dec 1	Bank % rate	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Nov.30

CURRENCY MOVEMENTS

Dec 1	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). *Rates are for Nov.30

OTHER CURRENCIES

Dec 1	£	$
[illegible]	[illegible]	[illegible]
Iran	2190.00*	1450.00*
Korea(Sth)	1180.05 - 1199.95	781.60 - 787.80
Kuwait	0.45800 - 0.45900	0.30000 - 0.30030
Luxembourg	50.35 - 50.45	32.75 - 32.85
Malaysia	3.8665 - 3.8740	2.5340 - 2.5350
Mexico	4754.50 - 4757.50	3112.50 - 3114.50
N.Zealand	2.9815 - 2.9865	1.9520 - 1.9550
Saudi Ar	5.6435 - 5.7200	3.7495 - 3.7505
Singapore	2.4925 - 2.4990	1.6355 - 1.6365
S.Af (Cm)	4.5870 - 4.5980	3.0120 - 3.0140
S.Af (Fn)	7.5245 - 7.5610	4.9260 - 4.9500
Taiwan	38.70 - 38.90	25.35 - 25.45
U.A.E.	5.5255 - 5.6020	3.6715 - 3.6735

*Floating rate. Iran Official rate £99.70 $66.20

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Dec 1	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 5¼-5⅛ per cent; three years 5¾-5⅝ per cent; four years 6¼-6⅛ per cent; five years 6½-6⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec 1	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr. per 100: Pesetas per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS; LIFFE EURO SWISS FRANC OPTIONS

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

9% NOTIONAL BRITISH GILT; US TREASURY BONDS 8%; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; 12% NOTIONAL ITALIAN GOVT. BOND (BTP); THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH EUROMARK; THREE MONTH ECU; THREE MONTH EURO SWISS FRANC; THREE MONTH ITALIAN INT. RATE; FT-SE 100 INDEX

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5365	1.5323	1.5230	1.5139	1.5000

CHICAGO

U.S. TREASURY BONDS (CBT) 8%; U.S. TREASURY BILLS (IMM); BRITISH POUND (IMM); SWISS FRANC (IMM); JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); THREE-MONTH EURODOLLAR (IMM); STANDARD & POORS 500 INDEX

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS

Strike Price	Calls				Puts			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES; THREE-MONTH PIBOR FUTURES (MATIF) (Paris Interbank offered rate); CAC-40 FUTURES (MATIF) Stock Index; ECU BOND (MATIF); OPTION ON LONG-TERM FRENCH BOND (MATIF)

	Open	Sett price	Change	High	Low	Yield	Open int.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BASE LENDING RATES

	%		%		%
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays Bank	7	Hampshire Trust Plc	13.5	TSB	7
Brit Bk of Mid East	7	Heritable & Gen Inv Bnk	7	Unibank plc	7
● Brown Shipley	7	● Hill Samuel	7	● United Bk of Kuwait	8
CL Bank Nederland	7	C. Hoare & Co.	7	Unity Trust Bank Plc	7
Citibank NA	7	Hongkong & Shanghai	7	Western Trust	7
City Merchants Bank	7	Julian Hodge Bank	7	Whiteaway Laidlaw	7
Clydesdale Bank	7	● Leopold Joseph & Sons	7	Yorkshire Bank	7
Co-operative Bank	7	Lloyds Bank	7		
Coutts & Co	7	Meghraj Bank Ltd	7		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Sterling futures volatile

MONEY market operations took comfort from a stronger pound and the fading of end-of-month pressures yesterday. Meanwhile, the Bank of England stayed out of the markets for the first time in more than two and a half years, *writes Peter John*.

Most of the day's activity was seen in short sterling where the March contract opened 8 points off and moved sharply down to 93.19 at one stage, reflecting an increasingly pessimistic attitude towards the hope of further interest rate cuts.

UK clearing bank base lending rate 7 per cent from November 13, 1992

The gloom was largely prompted by early comments from the Bundesbank president Mr Helmut Schlesinger who reaffirmed the German central bank's commitment to current interest rates.

Nevertheless, the March contract recovered later to close well up at around 93.40 with more than 33,000 lots traded and continued firm in after-hours dealing.

The December contract which is being influenced by technical factors ahead of its expiry in two weeks time opened lower but recovered well during the day to close around 92.75.

Dealers said French franc futures were also traded down heavily at the opening to reach 90.80 at their low before rallying to close at 91.26.

They added that volatility was increasing in the markets as a number of people were starting to close down their positions towards the end of the year.

Short-term interest rates were easier, partly as a result of the Bank of England staying away.

In addition, Japanese banks, which have been taking funds heavily ahead of the year end, stood back after having rolled over many of their positions at the end of November.

Meanwhile, following the record level of central bank help on Monday when nearly £4bn was provided the bank announced no shortage yesterday for the first time since April 3 1990.

The absence of the shortage was explained by an unexpectedly high level of exchequer transactions, which came in at £365m. Also the bankers' balances, the money which the clearing banks have to hold to cover their deposit liabilities, were £230m above target.

These positions were offset by treasury bills, maturing assistance and bills for repurchase.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.1)	3 months US dollars		6 months US Dollars	
	bid 3⅝	offer 4	bid 3⅞	offer 4

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK Treasury Bills and Bonds

Lunchtime			
Prime rate	[illegible]	Three year	5.38
Broker loan rate	[illegible]	Five year	6.24
Fed funds	[illegible]	Seven year	6.59
Fed funds at intervention	[illegible]	10-year	6.93
		30-year	7.59

Dec 1	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.50
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.10
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-

LONDON MONEY RATES

Dec 1	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6¾
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	7
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6¾
Local Authority Bonds	-	-	[illegible]	[illegible]	[illegible]	-
Discount Mkt Deps	[illegible]	[illegible]	-	-	-	-
Company Deposits	-	-	[illegible]	[illegible]	[illegible]	6¾
Finance House Deposits	-	-	[illegible]	[illegible]	[illegible]	-
Treasury Bills (Buy)	-	-	[illegible]	[illegible]	-	-
Bank Bills (Buy)	-	-	[illegible]	[illegible]	[illegible]	-
Fine Trade Bills (Buy)	-	-	[illegible]	[illegible]	[illegible]	-
Dollar CDs	-	-	[illegible]	[illegible]	[illegible]	4.13
SDR Linked Dep. Offer	-	-	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	-	-	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	-	-	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	-	-	[illegible]	[illegible]	[illegible]	9¼

Treasury Bills (sell); one-month 6⅝ per cent; three months 6⅝ per cent; six months 6⅝ per cent; Bank Bills (sell); one-month 6⅝ per cent; three months 6⅝ per cent; Treasury Bills; Average tender rate of discount 6.4577 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 30, 1992. Agreed rates for period December 26, 1992 to January 25, 1993, Scheme I: 8.71 p.c. Schemes II & III: 8.54 p.c. Reference rate for period October 31, 1992 to November 30, 1992, Scheme IV&V 7.267 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 8 from December 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 4¼ per cent; one-three months 7 per cent; three-six months 6½ per cent, six-nine months 6¼ per cent; nine-twelve months 6 per cent; Under £100,000 4¼ per cent from Oct 20, 1992. Deposits withdrawn for cash 4 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

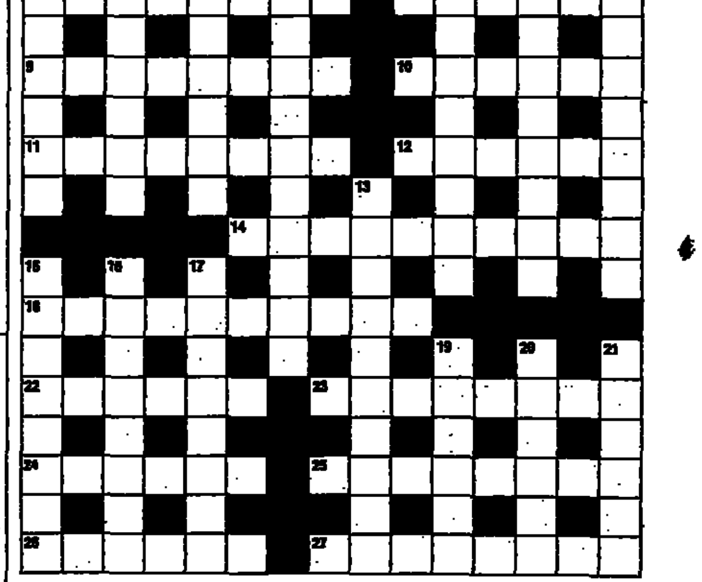
	Gross	Net	CAR	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Money Market Bank Accounts

	Gross	Net	CAR	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CROSSWORD

No.8,018 Set by CINEPHILE



For each six-letter solution, half the clue is for half the solution

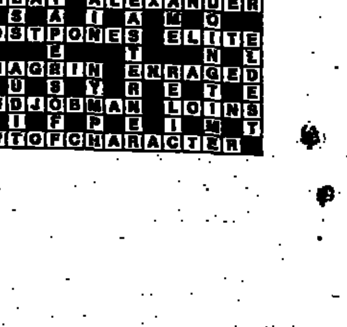
ACROSS

1 Dad takes on Channel Island boxer that won't fight (8)
5 Companion at a ballroom dance (3,3)
9 Loan term used in Canada (8)
10 Spitfire sailor (6)
11 What's said about copper has a right to be mysterious (8)
12 Affectedly pretty Greek character (6)
14 Tempering a wind to fertilise (10)
18 Houses with correct connections (10)
22 Exponent of power? Is this a record? (6)
23 The city to behold some guests, bucolics (8)
24 Quadruped's exclamation (6)
25 Try to read before it's experienced by court (8)
26 Primitive primate's affirmative vote (3,3)
27 Prize for actor from Victoria, maybe (4,4)

DOWN

1 Englishman's decoration (6)
2 May dance (6)
3 Dandruff on coat (6)
4 POW camp with small creature rising from floor (10)
6 Held by the proud about six feet up? (4,4)
7 A sleuth turns up with nothing less than the great sea whale (8)
8 Some inertia following rail crash takes up many passengers (8)
13 Refrigerate to a moderate temperature, to provide liberal education? (4,6)
15 A game with American soldier a defence (8)
16 Parson in farewell to playwright (8)
17 In the case of business, genuine return to health (8)
19 Drum boy (3,3)
20 Indistinct sound raising spirit (6)
21 Set formation for bloodsucking insect (6)

Solution to Puzzle No.8,017



WORLD STOCK MARKETS

AUSTRIA

FRANCE (continued)

GERMANY (continued)

NETHERLANDS (continued)

SWEDEN (continued)

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NORWAY

SPAIN

SWITZERLAND

SOUTH AFRICA

JAPAN

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

MALAYSIA

SINGAPORE

CANADA

TORONTO

3 pm December 1

MONTREAL

3 pm December 1

INDICES

NEW YORK

DOW JONES

STANDARD AND POOR'S

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA

TORONTO

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ◊ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

Base values of all indices are 100 except. Australia ... Overall and DAX – 1,000. JSE Gold – 255.7. JSE ... (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday, December 1, 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsui Min	10.0m	498	-10	Toshiba Corp	3.1m	620	-2
Nippon Jutaki	9.8m	286	+13	Kaken Pharm	3.0m	1,470	-40
Mitsubishi Hvy	4.3m	548	-7	Nippon Carbon	2.6m	480	+45
Okamoto Inds	3.4m	1,100	-10	Japan Metal	2.6m	672	-4
Nippon Steel	3.1m	287	-4	Hitachi	2.6m	721	-7

3 pm December 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	11	AAR Corp	0.48	4.0	19	274	11⅞	11⅝	11⅞	
26½	18	A L Labs A	0.18	0.8	13	41389	22	21½	21½	-½
68⅞	52⅝	AMP Inc	1.52	2.6	21	692	59⅞	58¾	58⅞	-½
80¼	54⅛	AMR			13	2130	64⅞	64⅛	64½	
2⅛	1⅜	ARX			12	42	2	1⅞	1⅞	
53½	30½	ASA	2.00	6.1	21	380	32⅞	32¼	32⅝	+⅜
34¼	26⅛	Abbott Lab	0.60	2.0	27	6880	30⅞	30¼	30½	-⅛
13⅞	10⅛	Abitibi Pr	0.40	3.6	5	25	11⅛	11	11	+⅛
11⅛	10⅛	ACM Gvt In	1.01	9.2		210	11	10⅞	11	+⅛
10⅛	9⅛	ACM GvOpp	0.87	9.2		13	9½	9⅜	9½	+⅛
9¾	8½	ACM Gvt Sp x	0.91	10.1		338	9	8⅞	9	+¼
11⅛	10⅛	ACM Gvt Sc x	1.01	9.6		1051	10⅞	10⅜	10½	-¼
10⅝	8⅞	ACM Man	1.00	10.0		16	10⅛	10	10	
12⅞	9	ACM Managd	1.09	11.9		181	9⅞	9⅛	9⅛	-⅛
11⅞	4⅛	Acme Cleve	0.40	4.5	16	66	9⅛	8⅞	8⅞	-⅛
6⅛	3⅛	Acme Elect			100	26	6	4⅛	5	+⅛
33¼	14⅞	Acuson			12	1912	17½	16⅞	16⅞	-1
21	16⅛	Adams Expr	1.62	8.3	1	66	19½	19⅜	19½	+⅛
49⅛	29½	Ad Micro x	3.00	6.7		181	45¼	44¼	45	+¾
21½	7½	Ad Micro P	3.00	16.6		63881	18⅛	17⅛	18⅛	+¼
9⅛	4⅞	Advest Grp	0.16	2.7	12	99	6	5⅞	6	
42⅛	33	Aegon ADR	1.35	3.3	7	51	40⅞	40½	40⅞	+⅛
47	36	Aetna Lf	2.76	6.0	13	2461	46⅛	45¾	46	+⅛
12¾	8⅜	Affil A	0.24	2.1	15	1246	11¼	11⅛	11⅝	+⅛
34	24	Aflac	0.44	1.4	15	1677	33	31½	32⅞	+⅜
19⅞	13	Ahmanson	0.88	5.0	6	3366	17½	17	17½	+⅛

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17½	13½	ScuddrNAsF	0.22	1.5		16	14¾	14⅝	14⅝	-⅛
9¾	7⅜	ScuddrNEuF	0.30	3.8		312	8	d7⅞	7⅞	-⅛
24	13	Sea Contrs	0.45	2.6	10	18	17¼	17	17⅛	-⅛
16¾	14⅞	SeaC1 4625 x	1.46	9.7		z100	15⅛	15⅛	15	
31	25⅛	Seagram Co	0.56	2.1	14	2452	26½	26¼	26⅛	+⅛
33¾	21⅝	Seagull En			67	400	32½	32⅛	32⅜	-¼
28½	20½	Sealed Air			22	226	23⅞	23¾	23¾	-⅛
23	12⅛	SPX Corp	0.40	2.1	14	461	19⅛	18⅞	18⅞	-⅜
48	37	Sears Roeb x	2.00	4.6	37	12168	43½	40⅞	43¼	-⅛
13¼	11⅞	Seligm Sel	0.84	6.8		82	12⅞	12¼	12⅜	+⅛
32	22½	Sensormat	0.30	0.9	27	1428	31⅞	31⅜	31¼	
61	33¾	Sequa A	0.60	1.6	27	65	36⅞	36½	36¾	+⅜
68	38	Sequa B	0.60	1.2	22	15	41¾	41¼	41¼	
18¾	15¾	ServiceCpI	0.40	2.2	18	1059	18	17⅞	18	+⅛
29⅞	22	Servicemtr	1.19	4.3	11	92	28⅛	27⅞	27⅞	
28⅞	17	Shaw Ind	0.30	1.1	25	1498	27¼	26¾	26¾	+¼
19¾	8⅞	Shawmut Nt	1.00	5.8	28	1256	17¼	17	17⅛	-⅛
10¼	6⅜	Shelby Wil	0.24	2.7	40	73	9	8⅞	9	+⅛
58⅞	45⅜	Shell Tr&T	2.75	5.3	11	1240	51⅞	51⅛	51½	+½
31⅞	25⅜	Sherwn Wl	0.44	1.4	18	492	31⅜	30¾	31	-⅛
27⅛	15¾	Shoneys			21	1129	24½	24⅛	24¼	
14⅞	8¼	Snowboat	0.10	0.8	10	207	12¾	12½	12⅜	+⅜
24⅜	17⅞	Sierra Pac	1.12	6.0	11	233	19¼	18⅞	19¼	+¼
24⅜	14	SignalApp			3	186	15½	15	15½	+¼
43⅜	21¾	Signet Bnk	1.20	2.8	49	298	u43½	43¼	43¼	-⅛
29⅜	14¼	SiliconGr			21	942	26½	25⅞	26⅜	+⅝
12	9⅞	Sizeler	1.01	9.5	27	103	10⅝	10½	10⅝	+⅛
15⅛	8	Sizzler	0.16	1.5	149	529	10½	10	10⅜	+⅜
18⅞	14	Skyline	0.48	2.6	32	437	18½	18⅛	18⅜	+¼

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
82¼	66½	Xerox x	3.00	3.8	18	1511	79	78	78⅛	-⅝
55	50½	Xerox4.125 x				z100	u55	55	54	-1
39⅝	24⅞	Xtra 1.94	1.94	4.8		108	u41	39⅝	40⅝	+1
54¾	28½	Xtra Corp	0.80	1.4	17	338	u57¼	54¼	56½	+1¼
30⅝	25⅛	Yankee Egy	1.88	6.2	12	58	26⅞	26¼	26¼	-¼
1½	½	Zapata			21	240	1	⅞	⅞	-1/16
11⅛	5	ZenithElec				21105	6¼	6⅛	6⅝	+⅛
19½	14½	Zenith Nat	1.00	6.0	8	67	16⅝	16⅝	16⅝	-⅛
7½	6	Zenix Inc	0.83	12.5		139	6⅞	6½	6⅝	+⅛
13¾	10	Zero Corp	0.40	3.0	20	286	13½	13¼	13¼	
38	27⅞	Zurn Ind	0.88	2.4	42	20	37⅛	37	37⅛	-⅛
14⅛	12	Zweig Fund	1.12	8.6		111	13	12⅞	13	+⅛
11	9½	Zweig Totl	0.96	9.5		226	10⅛	10	10⅛	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3 pm December 1

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Oisten	0.32	28	157	34⅝	34⅜	34½	-⅛
Pegasus G	0.10	28	703	13¼	13	13¼	+⅛
Perini	0.80	17	49	17⅞	17½	17⅞	+⅛
Pet Hth&P	1.14	11	z100	16½	16½	16⅝	
Phil LD	0.25	14	309	36¾	36¼	36½	-⅛
Pitway A	1.10	18	14	34⅛	33⅞	34⅛	
Ply Gem	0.12	22	264	11⅛	10½	11	+½

NASDAQ NATIONAL MARKET

3 pm December 1

FINANCIAL TIMES Wednesday December 2 1992

AMERICA

Dow recovers early deficit on good data

Wall Street

AFTER registering strong gains in the four previous days, the rally in US share prices showed signs of running out of steam yesterday, although blue chips recovered from early losses, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 0.28 at 3,305.04, having rallied from an early 14-point deficit. The more broadly based Standard & Poor's 500 was also little changed at midsession, down just 0.06 at 431.29, while the Amex composite was 1.60 lower at 393.51 and the Nasdaq up 1.00 at 653.73. Turnover on the NYSE remained heavy at 148m shares, and rises marginally outpaced declines by 826 to 807.

A combination of weakness on overseas markets and profit-taking in the wake of recent gains caused the early losses on Wall Street.

Positive economic news at home, however, helped prices stage a modest rally later. A 0.4 per cent rise in the October index of leading economic indicators, and the National Association of Purchasing Management's November index, which climbed from 50.6 in October to 55.0, provided yet more proof that the economy is continuing to recover. The best indication of improving business conditions should come on Friday with the release of the November employment report.

Among individual stocks, Unisys climbed $¾ to $9 in turnover of almost 1m shares after the broking house Josephthal Lyon & Ross upgraded the stock from a "hold" to a "buy". Other technology stocks were mixed. Digital Equipment, which enjoyed big gains during Monday's sector rally, ran into profit-taking and fell back $1⅝ to $32⅝, while IBM held steady at $68¼, Hewlett-Packard eased $⅛ to $66⅝ but Motorola added another $¾ at $103⅝.

Chemical stocks were in demand, with Du Pont rising $¾ to $48⅞, Dow Chemical putting on $1 at $54¼ and Monsanto $⅝ firmer at $56¼.

LSI Logic rose $¾ to $9⅞ in busy trading after the company cancelled the three-day shutdown that it had planned for later this month and said it expected to achieve "solid profitability" in the fourth quarter.

Baker Hughes dropped $1¼ to $18¼ in turnover of 1.6m shares after warning that first-quarter net income would come in below market forecasts of 19 cents a share. The group did say, however, that profits in the remaining three quarters of fiscal 1993 would be better than in the same period of 1992.

PRICES on the Caracas Stock Exchange recovered slightly yesterday after a fall of over 6 per cent on Monday, the first trading day since Friday's failed coup against the government of President Carlos Andres Perez, writes Joseph Mann in Caracas.

Monday's decline continued the slump in Venezuelan shares since a failed military uprising on February 4. The Caracas Stock Exchange index closed at 19,125.61 on Monday, down 35 per cent from the start of the year and 44 per cent below the 1992 high reached on February 3.

In the currency market, strong support by the central bank limited the decline in the bolivar. The currency closed at 78.60 bolivars to the dollar on Monday, down from 78.35 on Thursday, which represents a fall of more than 27 per cent this year.

Canada

TORONTO fell back in dull midsession trading, as the TSE-300 fell was 10.7 lower at 3272.1 in volume of 16.3m shares valued at C$139.8m. Declines led advances by 208 to 162 with 239 issues unchanged.

Inco dropped C$⅝ to C$27⅞ on renewed weakness in world nickel prices while Alcan firmed C$¼ to C$22¼.

Caribbean cross-border activity loses its appeal

Economic worries are to blame, says Canute James

Economic difficulties in Barbados, Jamaica and Trinidad and Tobago have dampened cross-border trading on the Caribbean's stock exchange after its promising start last year.

Between May 1991, when cross-border trading began, and December of that year, Jamaican investors were the most adventurous in taking risks on other markets, by spending $5.4m on Trinidadian stocks and $1,600 on Barbadian shares.

But Trinidadians spent only $2,000 on Jamaican stocks while buying $4m worth in Barbados. For their part, Barbadians favoured Trinidad, buying $5m worth of shares but steering clear of Jamaica.

Regional business leaders and stockbrokers were encouraged by this start. This, they argued, was a new venture for the Caribbean and could, if successful, strengthen the equity base of many companies which have been overly dependent on loans for their operations and expansion plans.

Since the start of this year, however, hopes for a continued expansion of cross-border trading have been dashed by a drop in confidence in the national markets, brought on by economic difficulties. Between January and September, Jamaican investors spent $466,000 on Trinidadian shares while Trinidadians and Barbadians bought nothing.

"We started last year with a bang, with Jamaicans buying in Trinidadian companies," says Mr Anthony Taitt, deputy general manager of the Trinidad and Tobago Stock Exchange. "Since December, however, the market in Jamaica has dried up and Jamaicans have been trying to sell off what they have bought in Trinidad."

Activity on the Caribbean exchange has been hit by economic changes in Jamaica, where the government's deregulation of the foreign exchange market 14 months ago and the floating of the currency led to a steep depreciation and contributed to inflation of 82 per cent in 1991.

There is some hope that an economic recovery will breathe new life into cross-border trading. The Jamaican dollar has stabilised and the country's inflation is expected to fall.

Interest in Barbados has been dampened by problems which have beset what was one of the more stable economies in the region. Stagnation, brought on by poor performance of tourism and sugar, the pillars of the economy, deterred prospective investors who were further worried by rumours of an impending currency devaluation.

Trinidad and Tobago's oil-dependent economy had contracted for seven consecutive years until it recorded marginal growth last year. But the central bank has reported that this recovery has not been sustained.

"I am not disappointed in the level of activity in cross-border trading so far as I did not anticipate any great volumes when we started," says Mr Wain Iton, the manager of the Jamaica Stock Exchange. "The important thing is that the mechanism for trading is in place and when the economic conditions are right, they will be fully used."

Cross-border trading is part of a wider effort by the members of the Caribbean Economic Community (Caricom) to integrate their economies and prepare the ground for a planned common market and monetary union. The next step is the creation of a Caribbean exchange linking the shares in the three countries through an immediate electronic transfer of all transactions. The exchange would be capitalised at about $1.8bn, with 99 listed companies.

There is some hope that an economic recovery will breathe new life into cross-border trading. The Jamaican dollar has stabilised since May and the country's inflation is expected to fall to 20 per cent this year.

Officials also hope that the creation of new stock exchanges in Caricom will attract interest. Guyana is creating an exchange which Mr Asgar Ally, the country's finance minister, says will be similar to that in Jamaica and Trinidad and Tobago, and which will assist in the privatisation of state enterprises. Mr Ally says trading on the Guyana exchange will begin by the middle of next year, and will immediately be part of the Caribbean cross-border activity.

EUROPE

Currency speculation colours trading

SPECULATION about currencies and interest rates continued to influence continental trading yesterday, *writes Our Markets Staff.*

FRANKFURT was barely changed, having largely ignored comments by Mr Helmut Schlesinger, the Bundesbank president, that there was no room to ease monetary policy in the near future. However, the market remains hopeful that interest rates will be reduced early in 1993. The DAX index closed up 0.55 at 1,544.89 as turnover fell to DM4.5bn from DM4.9bn.

Veba improved DM5.30 to DM354.50 after the group said that it expected its dividend to remain steady at DM12 and that it planned to continue to reduce its workforce.

An official report which increased its forecast for new car registrations for 1992 had little impact on car stocks. Volkswagen, down DM4.50 at DM263.00, was still feeling the effects of a weekend magazine report which suggested that the group would make a DM1bn loss in 1992, dealers said.

Preussag was DM4.50 lower at DM347.50 ahead of today's results for 1991/92 which are expected to show an improvement over the 1990/91 period.

PARIS rose further as the franc's weakness, in spite of intervention by the central bank, fanned speculation of a devaluation in the currency or even its withdrawal from the ERM. The CAC-40 index ended 20.92 higher at 1,792.29. Trading was indifferent until just before the last hour of trading when a series of block trades in CAC-40 stocks were put through the market, lifting turnover to a hefty FFr3.2bn from barely FFr1bn at midday.

Euro Disney bucked the firmer trend, losing FFr3.30 or 5.3 per cent to FFr59.40 in heavy volume of 1.3m shares following Goldman Sachs's decision on Monday to treble its estimated pre-tax loss for fiscal 1993. Yesterday an analyst at a French broker nearly quintupled his net loss forecast for the 1992/93 year to over FFr1bn from the FFr210m he had published only three weeks earlier.

MILAN ended mixed as selling of industrial blue chips eroded a firmer opening. The Comit index rose 3.43 to 441.77 in turnover estimated at close to Monday's L141.7bn.

Fondiaria, the insurer, and its parent company, Gaic, remained targets for speculators on continued rumours about the future of the insurer. Fondiaria rose as high as L30,950 before ending L350 lower at L29,600, while shares in Gaic were suspended to the end of the session when they were fixed L52 higher at L1,402.

AMSTERDAM saw some renewed buying of chemical stocks while Ahold remained positive following Monday's third quarter results. The CBS Tendency index gained 0.6 to 104.3.

The market was disappointed by the details of the planned merger between KNP, Bührmann-Tetterode and VRG-Groep announced on Monday, with the shares in the three companies rising only 50 cents, 30 cents and 60 cents respectively to Fl 29.40, Fl 29.50 and Fl 23.80.

Chemicals improved on bargain-hunting with DSM up Fl 4.20 at DM78.80 and Akzo Fl 1.70 higher at Fl 134.40. Pirelli Tyre Holding was suspended at Fl 13.70 before announcing that it was cancelling plans for a one-for-one rights issue and that its second-half loss would be bigger than its previous forecast.

ZURICH fell back on disappointing economic news and the SMI index finished down 2.0 at 1,929.2. Chemicals remained active as Ciba-Geigy fell further following a downgrade. Its bearers lost SFr4 to SFr605.

Financial stocks were firm with UBS bearers adding SFr5 to SFr813 and Winterthur registered shares putting on SFr20 to SFr2,460.

OSLO jumped 2.3 per cent in active trading as the economic outlook appeared to improve. The all-share index added 8.36 to 367.30 in turnover worth NKr426m, with sharpest gains coming in industrial and shipping stocks.

STOCKHOLM weakened on profit-taking following its recent strong run. The Affärsvärlden index slipped 5.3 to 896.1 as turnover dropped to SKr793m from Monday's SKr922m.

Volvo B shares weakened SKr17 to SKr340 on news of sharply lower November new car registrations.

MADRID continued to fall with the general index closing down 1.85 at 212.01 in low turnover of some Pta8.4bn.

VIENNA's ATX index ended 2.38 lower at 760.1. OMV lost Sch8 to Sch626 while Austrian Airlines fell Sch10 to Sch1,600.

ISTANBUL rallied on bargain-hunting and the 75-share index finished 96.99 ahead at 3,883.23 in turnover estimated at TL199.5bn.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

December 1 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1056.19	1054.54	1054.36	1054.87	1055.28	1058.42	1057.36	1056.79
FT-SE Eurotrack 200	1130.74	1129.86	1128.05	1129.27	1130.65	1134.44	1134.62	1135.62

	Nov 30	Nov 27	Nov 26	Nov 25	Nov 24
FT-SE Eurotrack 100	1057.75	1049.92	1048.05	1042.55	1038.83
FT-SE Eurotrack 200	1132.14	1122.37	1118.56	1111.41	1110.69

Base value 1000 (26/10/90) High/day: 100 - 1059.16; 200 - 1135.77 Low/day: 100 - 1053.99 200 - 1127.14

ASIA PACIFIC

Hong Kong leads the losses in a weak region

Tokyo

THE Nikkei average fell by 2.1 per cent yesterday as investment trust funds took profits after the recent rally in share prices, *writes Emiko Terazono in Tokyo.*

The 225-issue index fell 370.61 to 17,313.04 after a high of 17,704.01 in the morning and a low of 17,307.72 just before the close. While prices moved narrowly in early trading, afternoon selling by dealers and investment trusts outpaced buying by public funds.

Volume rose marginally to 260m shares from 238m. Declines led advances by 637 to 359 with 133 issues unchanged. The Topix index of all first section stocks dropped 19.27 to 1,304.08 and in London the ISE/Nikkei 50 index rose 0.54 to 1,054.21.

Traders said that after the 10.5 per cent rise in the Nikkei average over the past eight trading days, a decline had been expected, but that overall sentiment remained positive. "People were starting to become scared of a possible crash, and we needed a breather," said Mr Yasuo Ueki at Nikko Securities. Other traders said some investment trusts placed sell orders to raise cash for redemptions and cancellations.

High-technology issues, which had risen recently on hopes of a US economic recovery, were hit by profit-taking. NEC fell Y20 to Y675 and Fujitsu lost Y17 to Y550. Car stocks were also weaker with Nissan Motor down Y13 to Y557 and Toyota Motor retreating Y10 to Y1,410.

The weakness in Nippon Credit Bank, which lost Y140 to Y4,800, dragged down other banking stocks. Reports, later denied by Nippon Credit Bank, that the bank had sold off land taken as collateral for troubled loans to a property agency, prompted selling by discouraged investors. The Industrial Bank of Japan fell Y50 to Y2,450 and Mitsubishi Bank lost Y60 to Y2,220.

Dealers took profits on speculative theme stocks. Mitsui Mining and Smelting, the most active issue of the day, fell Y10 to Y498. Aids-related issues were also weak with Okamoto down Y10 to Y1,100 and Meiji Milk Products down Y4 to Y940.

Nippon Housing Loan was one of the few bright spots of the day, rising Y13 to Y288 on short-covering.

In Osaka, the OSE average lost 187.98 to 18,773.07 in volume of 41.7m shares. The OSE said trading volume for November surged 36.5 per cent to 429.9m shares as an increasing number of life assurers and banks realised profits on holdings.

Roundup

HONG KONG suffered its biggest one-day fall since August 1991 as Sino-British tension continued to unnerve investors. The region's other markets were also negative.

HONG KONG lost another 5 per cent in volatile trading on reports that China would repudiate contracts signed by the present authorities after 1997. The Hang Seng index, which fell to an intraday low of 5,400, closed down 308.92 at 5,501.71 in moderate turnover of some HK$3.85bn.

Financial stocks were among the day's biggest losers with HSBC Holdings down HK3.50 at HK$54.50 and Hang Seng Bank HK$2.50 lower at HK$50.00.

SEOUL was disappointed that the central bank failed to cut interest rates and the composite index declined 3.43 to 659.93 in turnover of Won545.8bn. Kepco, the electricity generator, lost Won700 to Won21,700.

TAIWAN retreated in thin trading as the weighted index lost 28.25 to 3,646.76 in turnover of T$6.34bn. The financial sector, which has been relatively strong recently, lost nearly 1 per cent.

AUSTRALIA lost ground in late trading as the local currency weakened against the US dollar. The All Ordinaries index slipped 3.8 to 1,444.3 having been briefly revived by the publication of better-than-expected economic data. Turnover rose to A$237.7m from A$188.2m.

NEW ZEALAND fell back as the market consolidated its recent strong gains. The NZSE-40 Index lost 8 to 1,539.34 in turnover of NZ$50m.

SINGAPORE's Straits Times industrial index eased 5.0 to 1,464.07 although gains were seen among several banking and industrial blue chips. In **KUALA LUMPUR** the composite index was also lower, down 4.66 to 637.23.

MANILA rose on bargain-hunting following Monday's holiday and the composite index finished 2.90 higher at 1,266.48 in turnover of 168.6m pesos.

BANGKOK traded lower with the SET index losing 3.88 to 861.33 in thin turnover of Bt4bn.

SOUTH AFRICA

JOHANNESBURG recovered after declining in late morning trade but sentiment remained nervous. The overall index added 11 to 3,203, having seen an intraday low of 3,189. Industrials gained 2 to 4,194 while golds climbed 5 to 866.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY NOVEMBER 30 1992 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	FRIDAY NOVEMBER 27 1992 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1992 High	1992 Low	Year ago (approx)
Australia (68)	115.11	−1.4	112.76	90.55	95.38	112.20	−0.3	4.32	116.71	114.47	91.73	96.96	112.59	153.68	108.18	149.65
Austria (19)	138.66	+0.7	135.83	109.08	114.87	115.06	+0.4	2.45	137.66	135.02	108.21	114.37	114.65	186.70	137.66	166.61
Belgium (42)	134.61	+0.4	131.86	106.88	111.52	109.05	−0.2	5.65	134.08	131.51	105.38	111.39	109.28	152.27	134.08	131.68
Canada (113)	113.20	+0.2	110.89	89.05	93.78	105.42	+0.4	3.22	112.95	110.79	88.78	93.84	104.98	142.12	111.36	137.50
Denmark (34)	188.25	−0.5	184.40	148.09	155.95	157.97	−0.5	1.73	189.10	185.48	148.64	157.10	158.82	273.94	181.70	253.29
Finland (15)	72.09	+2.6	70.62	56.71	59.72	77.61	+2.4	1.82	70.27	68.92	55.24	58.38	75.80	99.80	52.84	78.79
France (99)	144.42	+1.2	141.47	113.60	119.63	122.61	+1.1	3.68	142.71	139.98	112.17	118.55	121.33	168.75	136.93	137.40
Germany (64)	105.96	+1.7	103.80	83.37	87.78	87.78	+1.4	2.59	104.23	102.23	81.94	86.59	86.59	129.69	102.51	108.96
Hong Kong (53)	235.97	−3.0	231.15	185.63	195.50	234.53	−2.9	3.83	243.23	238.58	191.19	202.08	241.61	262.28	176.36	168.29
Ireland (16)	136.34	+3.8	133.56	107.25	112.95	116.32	+3.1	4.71	131.30	128.79	103.21	109.08	112.88	173.71	122.98	153.16
Italy (77)	55.87	−0.8	54.73	43.95	46.28	58.14	−0.9	3.57	56.33	55.25	44.27	46.79	58.66	80.86	47.47	71.21
Japan (472)	106.72	+1.2	104.54	83.95	88.43	83.95	+1.3	1.00	105.47	103.45	82.90	87.64	82.90	140.95	87.27	128.79
Malaysia (69)	274.11	−0.3	268.51	215.62	227.08	267.56	−0.2	2.48	275.01	269.75	216.16	228.47	268.18	282.42	212.49	201.73
Mexico (18)	1604.66	+1.5	1571.88	1262.33	1329.39	5465.11	+1.5	1.10	1581.15	1550.91	1242.84	1313.62	5383.33	1789.77	1185.84	1337.40
Netherland (25)	150.92	+0.8	147.84	118.73	125.04	123.47	+0.5	4.61	149.80	146.93	117.75	124.45	122.86	169.70	147.88	142.08
New Zealand (13)	42.87	−0.4	41.99	33.72	35.51	44.57	+0.5	5.19	43.04	42.21	33.83	35.76	44.34	48.52	37.39	47.79
Norway (22)	141.12	+3.0	138.24	111.02	116.92	124.84	+2.7	1.94	137.02	134.40	107.70	113.84	121.53	192.95	128.06	157.08
Singapore (38)	208.72	+2.1	202.49	162.62	171.25	155.99	+2.1	2.11	202.49	198.62	159.17	168.23	152.75	229.63	179.65	205.48
South Africa (60)	145.87	+1.7	142.89	114.75	120.84	154.22	+1.8	3.33	143.47	140.73	112.77	119.19	151.46	263.60	134.21	268.05
Spain (48)	116.34	−0.3	113.96	91.52	96.38	101.27	−0.8	5.93	116.68	114.45	91.72	96.94	102.05	161.72	107.10	145.14
Sweden (31)	167.56	+1.1	164.14	131.82	138.82	169.48	+1.5	2.32	165.74	162.57	130.28	137.70	167.03	200.28	149.69	168.04
Switzerland (60)	106.52	+1.4	104.34	83.80	88.26	94.88	+1.2	2.25	105.01	103.01	82.55	87.26	93.78	122.37	95.99	92.56
United Kingdom (227)	167.02	+0.8	163.61	131.37	138.35	163.61	+0.7	4.49	165.71	162.54	130.24	137.66	162.54	200.07	161.86	171.53
USA (522)	176.33	+0.3	172.73	138.72	146.09	176.33	+0.3	2.89	175.88	172.52	138.26	146.13	175.88	176.33	160.92	155.29
Europe (779)	133.76	+0.9	131.03	105.23	110.82	121.37	+0.7	3.87	132.56	130.03	104.20	110.14	120.51	156.86	131.31	136.75
Nordic (102)	150.27	+0.8	147.20	118.21	124.49	136.65	+1.0	2.11	149.04	146.19	117.15	123.82	135.29	188.52	141.24	171.60
Pacific Basin (713)	111.26	+0.8	108.99	87.53	92.18	89.35	+0.9	1.35	110.35	108.24	86.74	91.68	88.52	141.97	93.70	130.32
Euro−Pacific (1492)	120.36	+0.9	117.90	94.68	99.71	102.27	+0.8	2.49	119.34	117.06	93.80	99.14	101.42	145.21	113.80	133.21
North America (635)	172.42	+0.3	168.90	135.65	142.87	171.52	+0.3	2.90	171.98	168.69	135.20	142.91	171.07	172.42	158.70	154.11
Europe Ex. UK (552)	113.72	+1.0	111.40	89.48	94.23	98.50	+0.8	3.43	112.61	110.46	88.54	93.58	97.75	132.98	111.33	115.92
Pacific Ex. Japan (241)	155.84	−1.5	152.66	122.62	129.12	144.05	−1.1	3.69	158.29	155.26	124.44	131.52	145.72	175.31	149.00	145.45
World Ex. US (1683)	121.32	+0.9	118.84	95.44	100.51	104.25	+0.9	2.51	120.29	117.98	94.56	99.94	103.37	146.91	115.99	135.56
World Ex. UK (1978)	136.25	+0.6	133.47	107.19	112.89	122.72	+0.6	2.46	135.46	132.87	106.49	112.55	122.00	150.58	127.21	138.30
World Ex. So. Af. (2145)	138.99	+0.6	136.15	109.35	115.16	126.05	+0.6	2.66	138.18	135.53	108.62	114.91	125.32	153.05	130.04	140.34
World Ex. Japan (1733)	157.25	+0.4	154.04	123.72	130.30	150.97	+0.4	3.25	156.63	153.63	123.13	130.15	150.42	165.40	151.93	149.10
The World Index (2205)	138.92	+0.6	136.09	109.29	115.10	126.35	+0.6	2.67	138.10	135.46	108.55	114.74	125.60	153.70	130.66	141.20

Latest prices were unavailable for this edition.